



State Interests vs Citizens' Preferences: On which Side do (Labour) Parties Stand?

Johannes Karremans

Thesis submitted for assessment with a view to
obtaining the degree of Doctor of Political and Social Sciences
of the European University Institute

[Florence, 31 March 2017]

European University Institute
Department of Political and Social Sciences

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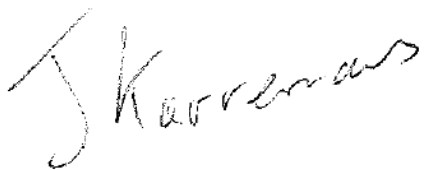
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‘A Ph.D. is what happens while you’re busy doing other things’ – I once happened to say at a defence dinner of a good friend, Chiara. This adaptation of a John Lennon quote is also valid for the great friends that I met upon arrival at the EUI: Gatto, Gazza, Pazzo, and even Diego, who is the only person on record that managed to do a five-year post-doc at this institute. And I guess it also counts for a new researcher I got to get to know in most recent times, who I will not mention by name, otherwise she may have to live her next Ph.D. years with the burden of this quote. It’s better to avoid that.

The quote shouldn’t however be misunderstood. It doesn’t mean not to take your dissertation and your work seriously. On the contrary, it means to be aware that in order to make progress, one should be capable of taking distance from the work he or she is doing. At that, I have been particularly good. The EUI Football Team has been a fundamental component not only of my life here in Florence, but also for the dealing with the questions that I was – and am still – trying to address with my dissertation.

The responsive-responsible dilemma – which is the main theme of this thesis – consists essentially in reconciling particular and collective interests. Co-coaching the EUI Football Team for two consecutive years gave me direct experience with this dilemma, and helped me a great deal in thinking about how parties and governments do so on a much larger scale. In particular, it made me learn about how – if particular interests are excessively ignored – the collective interest would automatically risk to fall apart. In other words, with no particular interests there is no collective interest, and vice-versa. This is I believe the big lesson I have learned during my time at the EUI.

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(San Domenico di Fiesole, 7 March 2017)

ABSTRACT

This dissertation deals with the question of how the partisan nature of government still matters in the current globalized and post-industrial world. In particular, it compares the representativeness of two contemporary centre-left governments with that of two centre-left executives from the 1970s in the Netherlands and the United Kingdom. According to the more provocative theories about the state of contemporary representative democracy, these countries should be forerunners of a general European trend in which governments care more about technical competence rather than political representation and responsiveness. These tendencies are expected to particularly affect the partisanship of Labour ministers.

In order to test these theories, I do a comparative content analysis of how Labour finance ministers/Chancellors justify the yearly government budget in front of the parliament. The justifications are divided into those that characterize the government as representative of the partisan redistributive preferences (input-justifications) VS those that profile it as a competent caretaker of public finances (output-justifications). Following the above-mentioned theories, the hypothesis is that today the output-justifications are more important than in the past.

As this approach is relatively novel with regards to the study of responsiveness, the thesis also dedicates one chapter to the justification strategies of a technical and a neoliberal government. The purpose of this extra comparison is to have more empirical evidence of what renders an output-justification different from an input-justification. By incorporating these two cases, thus, I get a deeper comparative insight into what is a typical left-wing/partisan discourse characteristic and what constitutes governmental/institutional talk. This extra comparison, consequently, allows me to reflect more deeply on the findings emerging from the overtime comparison of Labour governments.

The findings of my research tell a two-sided story. On the one hand, contrary to my hypothesis, the contemporary cases feature slightly more input-justifications than the governments from the 1970s. On the other, the logic of the discourses suggests that, while in the 1970s the responsiveness to social needs was presented as a policy goal per se, today the input-justifications tend to be more subordinated to justifications about economic and financial considerations. The findings thus speak both to theories according to which today we are not witnessing a decline of political representation, but simply a change in kind, as well to the theories speaking of a gradual hollowing out of political competition. In the

conclusion of my dissertation I reflect on what is right and wrong on the two sides of the debate.

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Introduction: States vs Voters

The title of this dissertation poses a paradoxical situation. It presupposes that the interests of the state and those of citizens are fundamentally contradictory and that political parties must choose whether they stand on the side of the former or on the side of the latter. While we might imagine this kind of scenario in undemocratic regimes, it is hardly conceivable within the fully established democracies of the western world. The legitimacy of western democracies, in fact, rests on the constitutional principles that the government acts according to the rule of law and with respect to the democratic process, and political parties are the actors responsible for ensuring that voters' democratic preferences constitute the backbone of the executive's policy objectives (e.g. Hague & Harrop 2010: 13-16, 63-67, 88; Powell 2014). Political parties fulfill to this task through the democratic process, during which they represent the aggregated preferences of the electorate, they compete in elections and, when they enter office, they try to implement the policies for which they stand. During the office term, moreover, the government – generally formed by political parties – needs to remain accountable towards the parliament. Through this complex process of checks and balances, the collective decisions produced by governments are made both *for* society as well as *by* society. In this sense thus, in western democracies state interests and democratic preferences coincide.

In this dissertation, however, I intend to theoretically disentangle the popular preferences from the state interests and apply the question posed by the title to two European countries that have traditionally been two great examples of modern day democracy: the United Kingdom (UK) and the Netherlands. This choice derives from the suspicion that these two countries are forerunners of a general European trend in which the interests of the citizens and those of the state are gradually growing apart, and that (governing) political parties are increasingly choosing the side of the latter. This suspicion follows Peter Mair's (2013; 2014) theory that processes such as globalization and post-industrialization are increasingly challenging political parties' capability to reconcile popular demand with social and economic policies. According to this argument, contemporary western democracies are suffering a malaise in which the legitimacy of political parties is increasingly being challenged.

The outbreak of the financial crisis of 2008 and the subsequent Eurozone crisis, moreover, seem to strengthen this idea (Alonso 2014). In particular, the role of the austerity paradigm that has characterized budgetary policymaking in recent years – and the subsequent popular discontent – are easily interpreted as signals of the growing divergence between state interests and voters' preferences (e.g. Lefkofridi 2014: 223). Yet, a certain level of contrast between democratic mandates and institutional commitments are intrinsic to the functioning of representative democracy (Sartori 1976; Scharpf 1975; Mair 2014). The question that consequently arises is whether today's contrasts are stronger than they were in the past, and more in particular before the economic and societal changes that roughly started in the 1980s. This dissertation therefore compares the contemporary tensions between democratic mandates and institutional duties with similar tensions that were present in the 1970s, another period characterized by a deep economic crisis. The question is whether a change has occurred in the balance with which governing parties manage their representative and governmental duties.

Mair's thoughts (2013; 2014) about the democratic malaise are centered on the idea that in representative democracies governments must be both 'responsive', in the sense that they must respond to electoral demands, as well as 'responsible', in the sense that they must adhere to institutional norms and procedures. This idea relates back to the historical origins of western democracies, when political parties gradually became the actors that combined the representation of popular preferences with the delivery of public goods (Sartori 1976). It is through this combination of two functions that political parties have made western democracies work over the course of the last century, namely by guaranteeing the coexistence of democratic representation with efficient and effective government. The essence of the current malaise, in Mair's argument, is that due to a variety of processes the demands of representation and the duties of government are increasingly growing apart, creating a tension that political parties are no longer capable of dealing with. Because of this tension, political parties tend to give more importance to the 'responsible' aspects of governments, consequently losing touch with civil society and neglecting voters' demands. This theory finds confirmation in the figures of decreasing electoral turnout and decreasing trust towards politicians (Dalton & Wattenberg 2000; Dalton 2004). At the same time, however, it appears to be disconfirmed by quantitative studies that show that parties continue to play a dominant role throughout the whole democratic policy process (Dalton *et al* 2011). The contribution of

this dissertation consists in shedding more light into the issue with an in-depth comparative study.

Understanding how a partisan government balances its representative vs its governmental commitments requires an exploration of the extent to which the policies it produces are representative of its partisan vs its institutional-governmental nature. As with most things in political science, however, it is practically impossible to get a precise measure of this balance. Consequently, it is necessary instead to establish a proxy. For the present dissertation, this proxy is given by the arguments through which partisan governments justify the policies and decisions contained in their yearly budgets. As will be made clear throughout Chapters 1 and 2, justification arguments are informative about what governments perceive they are expected to do. In other words, with their justification arguments, governments tell us what they are about (Robinson 2005: 51). By making a comparison between 1970s and contemporary governments, this dissertation provides an insight into how there has – and, at the same time, there has not been – a change in governments’ perception of how they should combine representation and government. Following Mair’s theory, my prediction is that contemporary governments, compared to the past, are more about governing rather than about representing. The findings of this dissertation show that the predicted shift of balance from representation to government has not taken place and that, on the contrary, contemporary governments seem to feature slightly more justifications referring to their representative commitments than was the case in the 1970s. At the same time, however, the empirical material shows that, while in the 1970s the two different types of justifications tended to alternate and compensate each other, the discourse of the contemporary cases appears to betray a subordination of partisan commitments to governmental duties. The meaning of this finding is open to interpretation.

Rather than a study on political parties, however, this thesis is to be considered more a study on Labour parties that tries to say something about contemporary party-democracy in general. The focus on labour is strictly related to my case-selection criteria. Being a qualitative study, I could only focus on a limited number of cases and, therefore, I looked for *a)* those in cases in which the effects of globalization and post-industrialization were likely to be more visible and *b)* those cases in which the shift from the theoretical to the empirical distinction between state interests and voters’ preferences was the most viable. In other words, considering the complexity of my analysis and the slowness of the mechanisms with

which the effects of globalization on national democracy may become visible, I decided to look for those cases in which, if the Mair (2013; 2014) argument is true, its implications must at least be visible in the cases I selected. Labour, moreover, is a 'party family' that, besides having often been in government, has also been at the centre of debates about parties distancing themselves from their voters while responding more to the demands of the globalizing economy. As with debates about political parties in general, these discussions have hardly moved further than the disagreement on whether the changes undergone by Labour should be interpreted as a detachment from voters or simply as an adaptation to a changing electorate. This dissertation aims to move beyond this dead-point by exploring the implications of the changes undergone by Labour for its legitimacy, as well as for the legitimacy of party-democracy as a whole.

The governments selected for the over-time comparison are for Britain the Brown and Wilson/Callaghan administrations, and for the Netherlands the Balkenende IV and Den Uyl governments. The similarities that these governments share, and that make them comparable, are that they all faced an economic crisis and that in all cases Labour oversaw the public finances. In all cases, there was thus a tension between Labour's electoral mandate of generous expenditure programs and the external pressures to introduce severe cuts in their spending plans. Even though in each case Labour entered government under relatively different circumstances, as I will argue throughout in the related chapters, in all cabinets there was a relatively similar mix of opportunities and constraints for Labour to implement its partisan policies. The big structural variation occurring between the cases is that the Balkenende IV and Brown governments presented their budgets in the post-industrial period of internationalization and tertiarization of the economy, whereas the Wilson/Callaghan and Den Uyl governments presented their budgets during the industrial period. The comparison is thus about how, in the two different time-periods, the partisanship of those in charge of public finances mattered for the justification strategy adopted when presenting the yearly budgets. Following Peter Mair's theories, the hypothesis is that for the contemporary cases the partisanship mattered less.

Next to the over-time comparison between Labour governments from the 1970s and now, moreover, the study also examines how the over-time changes observed for the Labour party stand in relation with the justification strategies of a neo-liberal and of a technocratic government. These two extra cases are the Thatcher government in Britain and the recent

Monti government in Italy. The idea behind these extra comparisons is to get an insight into whether contemporary Labour governments are moving towards becoming technocratic or neo-liberal executives, which is one of the main hypotheses emerging out of the theories about the waning of party-politics. If any evidence is found of Labour moving in this direction, it would thus be an element of confirmation of the TINA (there-is-no-alternative) theories (Alonso 2014), according to which governments must increasingly comply with the imperatives of globalization and neo-liberalism, leaving no real choice to electorates about different policy options. If the justification arguments of contemporary Labour governments prove to be fundamentally different than the neo-liberal and technocratic cases, it would mean the contrary, namely that governments still have the room to manoeuvre to profile themselves as alternatives to the imperatives of globalization and neo-liberalism. As will be illustrated throughout Chapters 5 and 6, this comparison shows how contemporary Labour governments have on the one hand maintained their partisan nature in the amount of attention given to social problems, but at the same time have developed a style of talking about these issues that features some remarkable similarities with Thatcher and Monti. In Chapter 6 I make the case that this might signal a subordination of partisan priorities to governmental duties, and therefore a shift from ‘responsive’ to ‘responsible’ government.

The whole study consists in content analyses of the arguments with which governments justify their annual budgets towards the national parliament. The annual budgets, as I will argue and show, are illustrative of how governments deal with the tensions that may arise between, for example, voters’ demands for social expenditure and the requirements for a proper management of state finances. For the Labour cases, the analysis boils down to classifying the justifications according to the references to the representative commitments towards compensating society for economic losses *vs* references to governmental responsibilities towards economic performance, budgetary rigour and international commitments. These two broad categories are then also divided in a number of sub-categories that allow for comparison at a variety of levels. Based on this theoretical framework, I test the hypothesis that the justifications of the contemporary cases are more about the need to repair the economy and public finances, whereas for the 1970s the electoral commitments towards social expenditure play a more prominent role (Scharpf 2000; Mair 2013, 2014). The findings show that the quantitative balance of the two types of justifications does not feature big over-time differences. From this perspective, thus, the hypothesis is directly contradicted and the findings seem to speak more to other theories according to

which political parties are in the process of re-aligning with the changing preferences of citizens (Beramendi *et al* 2015). At the same time, however, the deeper qualitative characteristics of the discourses feature some qualitative patterns that can be reconciled with Mair's argument. These are discussed at length in the final part of the thesis in which a case is made for further research on this matter.

The thesis is organized as follows. In Chapter 1, I present the general idea on which this thesis is based and the debates it speaks to. In order to do so, I first illustrate my understanding of the essence of representative government and argue how its legitimacy is being challenged by globalization and post-industrialization. I then continue with a sketch of the academic discussion on these issues and elaborate on why Labour is a significant case. In the second chapter, I introduce my methodology and research design. Here I begin with clarifying how my analysis of justification discourses contributes to the study of the democratic process. Then I present my method for classifying the justifications and conclude the chapter with an illustration of my research design. Chapters 3 and 4 are the core of my study, as they present the analysis and the findings for the UK and the Netherlands, respectively. For each case I first provide a description of the responsive-responsible dilemma faced by the government and an account of their policies during the office term. Then I proceed with an elaborated illustration of the distribution of justifications and an analysis of the content thereof. In Chapter 5 I take a side-path that allows me to bring the findings of the previous two chapters into a broader perspective. In this chapter I analyze the justification strategies of the Thatcher and the Monti government, focusing in particular on the justifications in which they deal with societal problems. In Chapter 6, I bring everything into comparative perspective and draw attention to the similarities and differences of the discourses of all cases.

Chapter 1

Contemporary challenges to representative government

1.1 The origins and essence of representative government

Democracy is a political system that, over the centuries, has been subject to continuous change (Schmitter 2011; Dahl 2000). The changes have regarded the size of the territories and populations subject to democratic rule, as well as the range of policies subject to democratic procedures. The features of ‘real existing democracies’, as Schmitter calls them, have thus always been the result of adaptations to changes or pressures coming both externally and internally. The contemporary form of representative democracy has been the result of a process during which democracy became the form of government of territorial states, governing therefore large populations. To ensure the representation of the whole population, political parties were born. These first occupied parliament, and then gradually started to enter government. The logic behind this historical process is, on the one hand, that representing without governing was not sufficient to meet people’s demands and, on the other, that a government that is ‘responsible’ towards the parties in parliament must in the long run also be attentive to the voice of the people and consequently be ‘responsive’ to their demands (Sartori 1976: 18–24). From the second half of the nineteenth century onwards, thus, party-government became the legitimate expression of democratic government (Manin 1997: 195–196), and party-politics came to dominate every sphere of political life. Democracy without political parties became ‘unthinkable’ (Schattschneider 1942), as parties became the actors that could place candidates for public office through elections (Sartori 1976: 63).

1.1.1 The ‘responsive–responsible’ dilemma

Because of this process, in today’s representative democracies parties oversee *both* representation of popular preferences *and* government in the general interest. Next to being the distinctive feature of western democracies, this double function is also the characteristic

that distinguishes parties from all other actors in society. In fact, as the combination of representation and government is the essence of the functioning of the polity, it is also the *raison d'être* for political parties. If they represent without governing they could be replaced by opinion polls, whereas if they govern without representing they could be substituted by technical experts (Sartori 1976: 28). The functioning and legitimacy of western democracy are therefore founded on a tension between what can be called 'responsive' and 'responsible' government (Sartori 1976; Mair 2014). The former stands for meeting voters' demands and the latter for pursuing the general interest. This means that the distinctive characteristic of party-government is a constant dilemma between meeting the demands of the parts of society represented by the party in government *vs* adhering to the norms and procedures related to the task of running the state apparatus. Because of this, legislators tend to divide themselves into those aiming at being more responsive to the demands of the constituency or the party-program, and into those aiming at pursuing the national interest (Pitkin 1967: 149). In parallel, the public's expectations about what legislators should do can also be divided along these lines. Consequently, the debates on the sources governments' political authority tend to concentrate their focus on either the democratic procedures of representation and elections, or on the capability of delivering collective goods (Scharpf 1975; Offe 1975, 1984; Held 2006: 125–179; Jobert & Muller 1987).

The origins of the responsive–responsible dilemma can be traced back also through the etymology of the word *party* (Sartori 1976). The term party came gradually into use during roughly the course of the eighteenth century, as a sort of synonym for the word *faction*, but with a more positive connotation. Factions were seen among intellectual elites, most notably by James Madison, as a danger to democracy and the public good. They were defined as groups of citizens who are united by a common interest that is adverse for the rights of other groups or to the interests of the whole community (Madison *et al* 1987: 123). Factions, thus, were seen as evil, whereas parties not necessarily so. Parties, in fact, shared factions' characteristic of being groups of citizens with a particular interest, but were not necessarily adverse for the interest of other groups or the whole community. The term *party*, in fact, blended together the meanings of the Latin verb *partire* – which means 'to divide' – with the meaning of the French verb *partager*, which means 'to take part' (Sartori 1976: 4). Parties were therefore organizations that represented groups with different principles and interests, but that were part of the same broad community. To speak in Sartori's terms, parties came to be intended both as *part*, as well as *part of a whole*. Historically thus, parties are the

organizations that reconcile the particular interests of the different parts of society with the general national interests. The entry of parties into public institutions reinforced this notion of reconciling particular interests with the general interest. Consequently, party-democracy, as Manin (1997) calls it, became the way to transmit popular preferences into the realm of government.

Because of their origins and development, thus, political parties have a double nature: they ‘express’ the demands of the citizens (Sartori 1976: 27) and they compete in elections to run the state apparatus (Downs 1957: 25). Political parties are thereby the actors who ensure that, on the one hand, the preferences of citizens are represented and, at the same time, by entering government, they ensure the provision of public goods. It is this double nature that lies at the heart of the responsive–responsible dilemma (Sartori 1976; Mair 2014) and induces governments in western democracies to be attentive to the voice of the people while simultaneously follow its technical competences and governmental responsibilities (Sartori 1976: 20-22). A responsive government, in fact, is an executive that tries to transmit into public policies the demands and preferences that it, as a party, has championed during the elections. It is the embodiment of the political character of party-government, as it tries to transmit into public policies those preferences that it, as a party, has represented during elections. A responsible government, instead, is strictly concerned with the task of running the state apparatus and consequently does not respond beyond its technical competences and responsibilities. It is more concerned with norms and procedures, and therefore with its duties regarding the provision of collective goods.

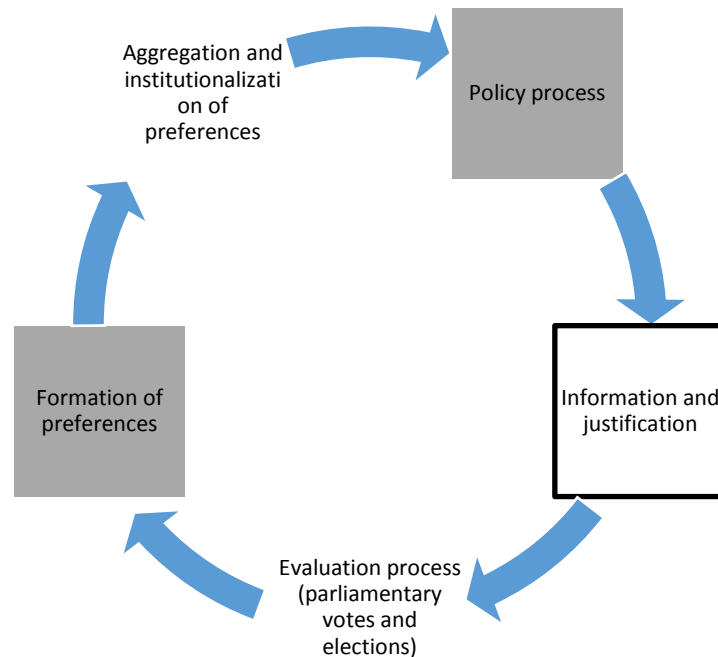
This balance between responsive and responsible government guarantees that the interests of the ‘part’ represented *by* the governing parties will not go at the expense of the ‘whole’ *for* which they govern. If this balance would not be there, the government of the party as a part would turn the polity into a tyranny of the majority. Alternatively, the government *for* the whole would be a responsible government that would not need to be run by political parties but would probably be better off if run by technical experts. Representative government, therefore, is neither to be intended as merely self-government *by* the segment of society represented by the party in office, nor as a government by elites *for* the people. Instead, it is to be considered as a complex mix of these two notions in which government, through the processes of representation and accountability, is simultaneously *by*, *for* and *with* the people.

1.1.2 The democratic process

This complex mix folds out itself through the democratic process which, for the sake of simplicity, can be thought of as a circular process that runs from the citizens to public policy through the chain of responsiveness (Powell 2004; Bühlmann & Kriesi 2013) and back from public policies to the citizens through the chain of accountability (Kriesi *et al* 2013). Political parties, of course, are highly influential or even the dominant actors at each stage. The process begins with the aggregation and institutionalization of the citizens' preferences into coherent sets of policy packages. The institutionalization of these preferences happens at elections, at which parties compete and, if successful, place their candidates into public office. It is here that the chain of responsiveness actually starts as the candidates become responsible for ensuring that the policies produced by the executive somehow reflect the preferences for which the party was voted (Bühlmann & Kriesi 2013: 47). In public office, however, the party-mandate becomes only one of the criteria for decision-making. Legislators, in fact, when making their decisions, must consider a wide range of factors, like for example constitutional and other type of laws, policy legacies, feasibility of new policies, constraints coming both internally as well as externally (Schmidt 1996). Once in office thus, the candidate is both a partisan as well as a state actor. It is in office, therefore, that the responsive-responsible dilemma truly manifests itself.

As the democratic process continues with the chain of accountability, the candidate in office needs to provide information about its decisions and justify these towards the parliament and the public. The justifications can regard the party-mandate, constraints encountered during the policy process, criteria related to the national interest such as national security, the state of the economy or the state of public finances. In other words, the candidate in office justifies its actions both in terms of the electoral mandate its party received, as well as according to the different norms and procedures that are associated with the task of running the state apparatus. After having provided information and justifications, during the course of the legislature, the candidate in office is subject to the evaluation of the Parliament who can approve or disapprove its decisions. At the next election, the candidate in office is subject to the judgement of the citizens, who can base their new preferences and votes on their judgement regarding the candidate's performance in office. Figure 1 provides a schematic overview of the democratic process.

Figure 1.1: The Democratic Process



The responsive–responsible dilemma is present at each stage of the process, but becomes the strongest during the policy-process, during which the governing party tries to push through the preferences that it has aggregated and institutionalized into a party-program. During the policy process the government may face external pressures and constraints that may prevent it to fully transmit the party-program into concrete policies. The subsequent justifications for the policies will consequently refer both to the extent to which the party-program has been followed as well as to how the government’s action has been influenced by external pressures and constraints.

The distinctive characteristic of representative democracy is that the representatives of a part of society become responsible towards the whole nation. The party-program is essentially the solution to this contradiction, in the sense that through history it has become the compromise between the representation of particular interests and delivery in the general interest (Pitkin 1967: 147-148). Consequently, during the policy process the responsive and responsible criteria for decision-making continuously mix with one another, until they become intrinsically intertwined. As the functioning of our current form of representative democracy relies on this constant interaction between the different parts and the whole, this

characteristic is also a fundamental aspect of the legitimacy of the whole system. Despite the deep interrelation, or even overlap, that may exist between the partisan and governmental criteria for decision-making, the analytical distinction between the two persists. If this distinction is grasped empirically, it becomes possible to compare representative governments on how they combine representation and government, and also to make descriptive inferences about the extent to which their legitimacy rests on representation of a part or delivery for the whole.

1.2 The legitimacy of representative government and its challenges

The legitimacy of party-government rests on the joint fulfillment of two functions, namely representation of citizens' preferences on the one hand and government in the general national interest on the other. This means that the government must always follow two criteria in its policy-making: responding to the demands expressed by voters and delivering the common good. As governments in western democracies are expected to fulfill to these two different criteria, the legitimacy of their actions can be assessed from two different perspectives: the processes by which government receive their democratic inputs and the quality of the outputs that they produce (Scharpf 1975: 21). A well-functioning representative government relies therefore both on both input- and on output-oriented legitimacy. These two are of course intrinsically interwoven, as the outputs produced by the government must be evaluated according to the extent to which they serve the common good and, in a democracy, the common good is defined by a consensus within the community that is being governed (Scharpf 1999). This binary distinction is therefore subtle and hard to grasp (Bartolini 2005: 168–170). Nonetheless, the challenge of this dissertation is to elaborate on this analytical distinction and to define the ways in which the two categories can be grasped empirically, in a way that allows to make descriptive inferences about the balance between responsive and 'responsible' government.

1.2.1 The parallel between input–output legitimacy and responsive–responsible government

Even though Scharpf's way of conceptualizing and classifying legitimacy is not uncontested, it provides a useful tool to look comparatively into the dilemmas of governing actors.

Moreover, the distinction between input- and output-legitimacy reflects two distinct traditions in political science, in which the performance of political systems is studied according to two different criteria: the more continental-European tradition of evaluating political systems on the basis of their representative and democratic performance *vs* the more Anglo–American tradition of public policy-analysis (Jobert & Muller 1987: 9).

The distinction between input- and output-legitimacy runs parallel to the distinctions between government *by* and *for* the people, and can consequently be connected to the responsive–responsible dilemma. From the input perspective, in fact, government is conceived as ‘by the people’ (Scharpf 2000: 103) and the legitimacy of the policies resides in the fact that they derive from the preferences expressed by those who are being governed. Thus, if governments are representative of such preferences, the legitimacy of their policies derives from what the governing parties *want*, because they represent and aggregate the interests of the people (Scharpf 1975: 25). From the output perspective, on the other hand, the common good is already pre-defined and government is conceived as ‘for the people’ (Scharpf 1999), in the sense that it must provide the collective goods for the national community. The legitimacy of policies derives from what the government *needs* to do to serve the national community, and policies must therefore always be the best possible options in the given circumstances.

Intuitively, the parallel between Scharpf’s distinction and the responsive–responsible dilemma described by party scholars is relatively obvious. The legitimating principle behind the actions of a responsive government is more input-oriented, as it focuses more on the democratic procedures that led the party in government, whereas for a responsible government the legitimating principles are more output oriented as they focus more on what government ought to do in a given situation. It is important however to highlight that the distinction made by Scharpf is not the exact synonym of the dilemma identified first by Sartori (1976) and re-elaborated by Mair (2014; 2013). This is particularly the case for the parallel between input legitimacy and responsive government.

When Scharpf speaks of the democratic preferences that are at the basis of input-legitimacy, he conceives the community as what Sartori calls a ‘whole’. In this conception, the community finds a consensus about what its preferences are and then democratically selects a government to implement those preferences. Responsive government instead is more about meeting the preferences of the part of the community represented by the party in

government. In this case, thus, the preferences democratically represented by the government do not fully coincide with the preferences of the whole community. Nonetheless, the procedures by which the responsive government takes office are the ones by which the community democratically transmits its preferences into the policy process. It is therefore the task of the responsible government to ensure that the executive does not lose the general interest out of sight. This happens by integrating the input-legitimation criteria about the democratic procedures with the output-oriented criteria about what the government delivers for the whole polity and nation. The responsive–responsible dilemma can therefore be seen as the way in which modern day representative democracies integrate input- and output-legitimacy, where the responsive side ensures that the preferences expressed at elections matter for policymaking, and the responsible side safeguards that partisan interests do not take over the general interest.

In modern representative democracies there are thus two co-existing notions of what a government *is about*: one is about producing policies that reflect the preferences of the citizens, the other is about delivering the best possible policies for the citizens. This distinction is of course highly blurred at the empirical level, as citizens generally want what is best for them. Delivering the best possible policies, in fact, is likely to be highly congruent with the citizens' preferences. Conceptually, however, the above described distinction between input- and output-legitimacy points to two different *raison d'être* of democratic governments: one is about representation, the other is about delivery. Thus, an input-centered assessment of government's action focuses on the extent to which parties transmit voters' preferences into policy outputs, whereas an output-centered assessment focuses on the quality of the policies produced. Democratic governments must follow and fulfill both criteria of decision-making, as the legitimacy of the polity rests on the combination of representation and government. This means that the balance between the two different aspects of what governments *are about*, is strictly related to a common understanding of where their legitimacy derives from. Comparing the balance of responsive–responsible government across time, thus, also sheds light on different common understandings of what democratic governments should and based on which criteria they should behave. As I will argue in Chapter 2, this is particularly true when one studies how governments talk about their own policies.

1.2.2 Contemporary challenges to the balance

Getting an insight into the balance between representation and government is crucial for understanding the challenges to representative democracy in the current age of globalization. Mair's concern about a contemporary democratic malaise is set up precisely within this framework. His argument is that there is an increasing tension between responsive and responsible government that mainstream parties are no longer capable or willing to handle. This increasing tension derives for a large extent from processes such as globalization and Europeanization – which make the national executives accountable to a growing number of external principles – but also from mounting policy legacies, which reduce the possibilities for discretionary public spending (Schäfer & Streeck 2013). By this is meant the commitments undertaken by past governments at both national and international levels, which mean that contemporary governments are increasingly under pressure to focus on the output-oriented side of policy-making. The joint effect of these different pressures on government performance is a downgrading of political representation, whereby governing parties 'have moved from representing interests of the citizens to the state to representing interests of the state to the citizens' (Mair 2014: 582).

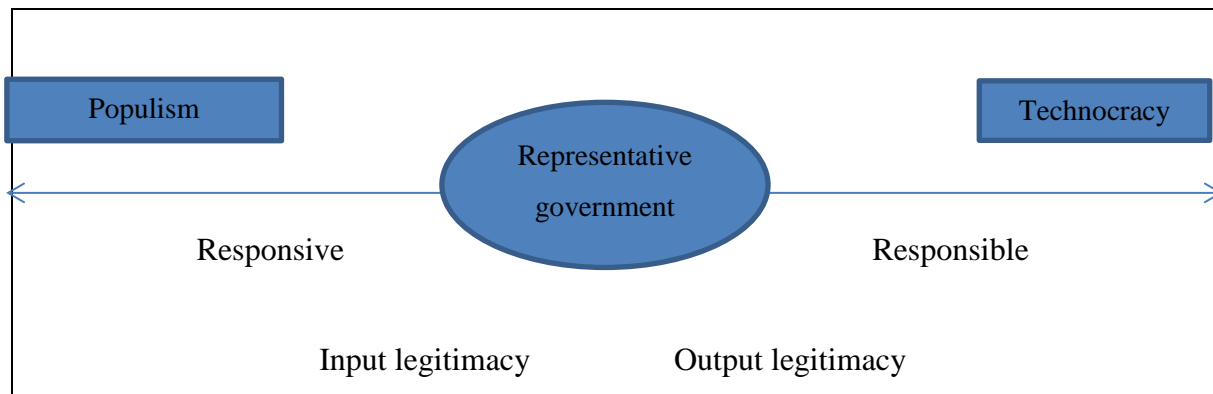
The challenge for contemporary representative democracy, therefore, is to continue combining representation and government despite the growing tension between the demands for political responsiveness and those for institutional responsibilities. Mainstream parties, according to Mair, no longer seem to be capable or willing to do so. Rather than wanting to be judged as expressive of voters' preferences, they increasingly frame the content of political competition along the lines of 'good' government. This means, they increasingly favour the instrumental side of voting – which is about voting for a government – rather than the expressive side, which is about voting for a political representative. In other words, the traditional governing parties want to be increasingly judged as governors for the whole rather than representatives of a part. Consequently, there is the risk that a division of labour is gradually appearing between anti-system parties that claim to represent the will of the people, and the mainstream parties that claim to be the most competent in governing.

This argument, as I will discuss more in detail in Section 1.3, is not uncontested but it provides a useful framework to sketch the contemporary challenges to the foundational principles of representative democracy. More importantly, it points to challenges that are also touched upon within the field of political theory. The argument about the increasing tension

between responsive and responsible government speaks in particular to a large part of the argument developed by Urbinati (2014). By theorizing about the different ways in which democracy can be ‘disfigured’, Urbinati (2014) identifies populism and technocracy as two of the main challenges to representative democracy. In their own distinctive ways, both challenges undermine a crucial aspect of democratic legitimacy, namely the dividing line between the free arena of public debate and the sphere of government. Under the populist conception of democracy, in fact, political representation would enter directly the government sphere without the filter of the democratic process. In Mair’s words, this would mean that it would enter government without becoming responsible towards the whole. Technocrats, on the contrary, would claim to be responsible based on their technical competence and expertise, but would gradually delegitimize public opinion by not allowing political influences into the sphere of government. In many ways, thus, populism and technocracy are the extrapolations of respectively responsive and responsible government.

As populism conceives democracy as the direct implementation of the will-of-the-people into policy outputs, it relies exclusively on input-oriented legitimizing principles. Populist *parties* would thereby merely govern for the part they represent, and would delegitimize the norms and procedures that induce governments to be responsible. Technocrats, on the contrary, would act according to such norms and procedures, but would not be political representatives. They would rely on the output-oriented legitimizing principles of technical competence and expertise. Under technocratic governments, thus, political confrontation would gradually be replaced by a confrontation on opinions about best possible solutions. Representative democracy, instead, must rely on both input- and output-oriented principles, whereby governments are politically responsive only to the extent to which it is prescribed to them by the duties of responsible government. In many ways, thus, representative government stands in the middle of a dimension ranging from populism to technocracy. Figure 1.2 illustrates this idea.

Figure 1.2: The Legitimacy of Representative Government



This dimension sketches the different expectations one may have from democratic government. The left-side of this dimension is dominated by the notion of input-legitimacy, where government is conceived as being *by the people*, emphasizing that it must be responsive to the voters. This is the most *political* side of the dimension in which democratic competition is dominated by the different representative claims of political parties. The more we move to the right of this dimension, the more there is the idea that responsiveness towards partisan voters must be counterbalanced with responsibility towards the national community, namely the responsibility of producing and delivering collective goods. A proper delivery of collective goods requires technical competence and awareness about constraints for achieving certain policy goals. On the right-side of the dimension stands therefore output-legitimacy, in which technical competence gradually replaces political confrontation. A responsible government, thus, is less political than a responsive government, and the more it emphasizes its output-legitimacy, the more it moves towards resembling a technocratic government.

1.2.3 Research question

This picture of Figure 2 is not merely an abstract theoretical construct, but is also in many ways illuminating of the challenges faced by many governing parties across Europe in recent years. To present a few examples, in 2011 the incapability of the Italian centre-right government to deal with the country's economic and financial problems induced the head of state Giorgio Napolitano to replace it with a government formed of technical experts led by Mario Monti. Similarly, across different European countries, with Greece maybe as the

greatest example, the technical expertise of supranational actors such as the European Commission or the IMF has been constituting a significant challenge to the output-legitimacy of national governments. In parallel, populist parties all over Europe continue to directly challenge the input-legitimacy of the traditional governing parties, accusing them of being too much concerned with the European requirements regarding public finance and economic growth, and too little with the demands of the people. The accusation that these populists generally receive in public debates, in turn, is that they lack the competence to govern (e.g. Heinisch 2003).

A proper balance between input- and output-legitimacy, that runs parallel to a proper management of the tension between responsive and responsible government, is thus a necessary condition for a good functioning representative democracy. In the contemporary world, however, there are two transnational developments that may potentially be harmful for this balance. Post-industrialization, on the one hand, creates new social divisions and therefore the traditional political representation appears to be waning (Mair 2014; 2013). At the same time, increasing international economic integration has meant that governments are increasingly accountable to a growing number of external actors, causing greater pressure on governments' responsible tasks (Alonso 2014; Rose 2014). How have parties adapted to these challenges? Mair (2013; 2014) has developed the most provocative hypothesis in this regard, asserting that political parties are gradually failing to combine representation and government, and risk therefore to be doomed to extinction. His hypothesis thus poses that after the shift from being simple representatives to becoming representative governors, governing parties are now in the process of abandoning their representative nature and focusing more on their governing activities. By sketching this picture, Mair raises a very important question about the quality of western democracies, a question that has remained unanswered in the literature and that therefore constitutes the research question of this dissertation:

Are governments in contemporary western democracies still 'responsive', or are their policies no longer the result of the representative function of governing parties, but merely the result of the technical competences of a 'responsible' government?

The consequence of parties' decreasing capacity of transmitting voters' preferences would induce governments to justify their policies in terms of what they deliver to the national community, rather than based on the commitments the governing party took during the electoral campaign (Mair 2014: 582, 592). The scenario sketched by Mair echoes Scharpf's idea that under the conditions of international economic integration governments need to increasingly justify their policies in terms of their outputs rather than in terms of democratic inputs (Scharpf 2000: 116; Mair 2011: 11). Even though their ideas and hypotheses are among the most provocative, Mair and Scharpf are of course not the only scholars engaging with these issues. A vast range of literature has in fact been produced in relation to the question of how de-industrialization and the internationalization of the economy have impacted on the process that links citizens to public policies. Even though this literature is too vast to be grasped in few pages, in the following section I will provide an overview of the questions at which the discussion is now at, and give an indication of how this dissertation may offer a small contribution in the huge effort of trying to answer them.

1.3 Debates about democratic malaise

The ongoing economic crisis, the increasing economic integration and the growing role of inter- and supranational institutions are processes that have triggered a significant number of public and academic debates regarding the quality of contemporary democracies. These processes are often related to the concept of globalization, a term of which the specific definition is widely contested, but that is generally used to refer to the internationalization of the economy and the increasing economic interdependence that started to accelerate during the 1980s. Ever since it has been used, the term globalization has often been associated with questions regarding its compatibility with national democracy (e.g. Dahrendorf 2001). A major concern is that globalization forces countries to homogenize their economic policies and this consequently undermines the way in which democracy is organized. The different views on the issue have been traditionally divided on the extent to which globalization brings opportunities rather than constraints and risks for democratic practices (Dahrendorf 2001; Garrett 1998; Rodrik 1997; Wolff 2004). With the ongoing economic crisis, the debate has been strongly revived in both academic and public spheres.

The discussion on the issue is however complicated by the societal changes most OECD countries have undergone in the last decades. These changes have been largely due to the shift from industry-based economy to a service-based economy (Boix 2015). The societal changes brought a change in the content of political demand, causing therefore a gradual break-down of traditional social alliances (Häusermann & Kriesi 2015; Iversen & Soskice 2015). Between the 1970s and the 2000s, thus, political parties in these countries have had on the one hand to face the representative challenge of meeting the changing demands of new constituencies, and on the other the governmental challenge of pursuing partisan policy goals in an economy increasingly dominated by the global market.

The debates about the contemporary challenges to representative government regard thus both the extent to which parties are still capable of representing the interests of voters in a post-industrial society, as well the extent to which globalization leaves room for party-politics at the governmental level. In both cases the debate features a pessimistic view, according to which parties are no longer capable to represent and/or to govern, and an optimistic view, according to which parties are in a process of adapting their programs to the changing needs of society and are finding new ways to transmit these into coherent sets of policies.

1.3.1 Political representation in post-industrial societies

The debate about the contemporary challenges to political representation has for a great extent been triggered by data on party membership, electoral turnout and electoral volatility. These data show that since the 1980s parties have progressively been losing members and that a decreasing number of voters identify themselves with a specific party, increasing thereby the electoral volatility (Dalton & Wattenberg 2000). In parallel, voter-turnout also appears to be in decline and citizens appear to be distrustful towards politicians, parties, parliaments, governments and politics in general (Dalton 2004). These trends are on the one hand interpreted as indicators of a decline of political parties' capability of linking citizens to politics (Mair 2005) and, on the other hand, they are interpreted as the symptoms of the adaptation of parties to the changes in society caused by post-industrialization (Kitschelt & Rehm 2015; Dalton et al 2011). The first interpretation I refer to as the 'pessimistic' view about the state of contemporary party-democracy, the second as the 'optimistic' view.

Among the party-scholars with a pessimistic view, Mair (2005; 2008; 2013; 2014) is probably the most important exponent. He identifies several processes that are leading to this decline, ranging from the ‘particularisation’ (Franklin et al 1992; Mair 2008: 219) of the electorates to the increasing amount of international commitments of contemporary governments. The core of the argument is that while on the one hand voters’ demands have become more difficult to read, on the other, even if parties could do so, when they are in government they do not have the necessary room for manoeuvre to respond to those demands. The argument finds its main empirical support in the evidence that party-membership is steadily declining in almost all western democracies (Van Biezen & Poguntke 2014; Mair & Van Biezen 2001). Besides that, the argument relies also on data showing that only a minority of European citizens tend to trust their national governments and parliaments, and that the trend has been declining over the past ten years (e.g. Ruiz-Rufino & Alonso 2016). Keman *et al* (2014), for example, by analyzing the European Social Survey data on popular satisfaction with national democracy, argue that a ‘democratic deficit’ seems to exist in European countries as the democratic performance of political parties is not meeting popular expectations.

The criticism that is generally moved against these arguments, however, is that the empirical evidence provided by these arguments tends to be confused, leaving therefore lots of room for counterarguments (Enyedi 2014). Overall, the arguments about the partisan decline tend to rely on a historical narrative about how parties have gradually withdrawn themselves from civil society and anchored themselves to the state (Katz & Mair 2009; Ignazi 2014). The story emerging out of many empirical studies, however, highlights the efforts undertaken by parties to meet the changing preferences of a mutating electorate (e.g. Kitschelt & Rehm 2015; Dalton *et al* 2011).

The evolution of the content of partisan conflict in western European countries is documented with vast empirical evidence by Kriesi *et al* (2008; 2012). By analyzing newspaper articles around each election since the 1970s in six countries, they show how a new cleavage has gradually emerged between the ‘losers and winners of globalization’, and how this has led to the formation of new coalitions and often also to the emergence of new parties. This changing conflict between parties appears to be congruent with the changing policy preferences of voters (Häusermann & Kriesi 2015, Kitschelt & Rehm 2015). Andeweg (2011) even finds that in a highly-globalized country such as the Netherlands, the congruence

between voters and parties has increased decade after decade almost reaching perfect alignment in the 2000s. In both the Netherlands and the UK, moreover, partisan competition in the electoral arena appears to be highly congruent with competition in the parliamentary arena and this congruence seems to be increasing over time (Louwerse 2012). Dalton *et al* (2011) study how parties organize democracy by looking at data regarding the congruence between voters' and parties' preferences, as well as data regarding the relevance of the partisan composition of government for policy outputs. Regarding the congruence between voters and parties, Dalton *et al* (2011) come to positive results, similar to Kitschelt and Rehm (2015). Regarding parties' influence on policy outputs, they find evidence that 'parties still matter' but don't exclude that globalization might be slowly eroding the relevance of the partisan composition of government. The studies about congruence are moreover challenged by a relatively recent strand of research focusing on unequal representation. These studies seem to provide evidence that the relationship is not equally strong for all social groups, leaving therefore some groups less well represented than others (Lefkofridi *et al* 2012).

Another limit of the congruence studies is that they hardly touch upon the issue of responsive–responsible government, as they do not show how this congruence eventually results in the implementation of certain policies. This congruence does not necessarily indicate a close relationship between party-elites and voters, but might very well be an indication of the success of the vote-catching strategies of parties. Such a success does however not necessarily equate political responsiveness. As Powell (2004) highlights, responsiveness requires systematic representation at each stage of the democratic process. The congruence between a party and its electoral base must therefore also persist at the policy-making stage. It is at this stage, however, that the other set of challenges to party-government intervenes, namely those deriving from the internationalization of the economy.

1.3.2 Democracy and global capitalism

The idea that globalization is causing a decrease in the democratic performance of national governments is a big theme also in the political economy literature. One of the main theorists in this regard is Rodrik (2000; 2011), with the argument of the 'political trilemma'. The idea put forward by Rodrik is that in the international economy only two of the following three factors can coexist: international economic integration, nation-states and democracy. This means that once a process of deepening economic integration begins, a trade-off arises

between maintaining the nation-states, intended as territorial jurisdictions, and maintaining democracy. Therefore, under the conditions of globalization, maintaining the territorial jurisdictions of the nation-state necessarily goes at the expense of democracy. Rodrik's trade-off has many parallels with Mair's (2013; 2014) responsive–responsible dilemma, as both theories highlight the potential incompatibilities between state interests and democratic demands. The same idea is supported by Scharpf (2000), who argues that under the conditions of international economic integration governments can only justify their policies in terms of what they deliver and not in terms of what has been democratically demanded. This type of arguments, moreover, have been given new fuel by the recent homogenous response of western governments to the economic crisis that started in 2008 (Pontusson & Raess 2012; Schäfer & Streeck 2013).

The austerity measures advocated by institutions such as the EU and the IMF and adopted by many western governments, in particular, have had the unintended effect of bringing again at the centre of public and academic debates some of the internal contradictions in the functioning of democratic capitalism (Merkel 2014). The essence of such contradictions consists in the fact that democratic capitalism functions according to two conflicting principles of resource allocation, namely economic productivity and social need (Streeck 2013: 265; see also Dryzek 1996). In Streeck's (2013) view, in recent years the conflict between these two principles has become much more difficult to manage politically because, while in the past this conflict could be managed at the national level, today governments need to take in high consideration their international constraints, and in particular their obligations towards international markets (Streeck 2013: 282). This situation is even more aggravated by the mounting legacies of past governments which reduce the possibilities for discretionary spending of current governments (Streeck & Mertens 2013). Moreover, national tax-autonomies are also heavily constrained by the tax-competition that has steadily been growing since the 1980s, and that is resulting in a real 'race to the bottom' of tax rates on financial and human capital, as shown by Genschel and Schwarz (2013). On these grounds, there are thus a variety of reasons to believe that national governments today are much more constrained than they were a few decades ago.

Like the party-decline thesis, the idea that international economic integration reduces governments' room for manoeuvre is contested by empirical studies. Garrett (1998) and Boix (1998), for example, based on macroeconomic data, argue that the partisan composition of

government matters also under the conditions of globalization. Their results, however, are based on data from the 1990s and it is questionable whether the trends observed are also true for the 2000s (Busemeyer 2009). Dalton *et al* (2011), in contrast, use data from the first half of the 2000s and still find a relationship between partisan composition of government and policy-outputs. Beramendi *et al* (2015), moreover, show that the changing policy positions of parties is consistent with changing social policies. At the same time, though, they highlight how the constraints deriving mainly from policy legacies have induced most parties to recognize the need to cut the costs of certain social programs (Huber & Stephens 2015: 260). Similarly, the literature on the evolution of the welfare state finds support for the claim that partisan differences still matter, but at the same time they observe a general pattern of welfare-state retrenchment (Allan & Scruggs 2004; Korpi & Palme 2003). A possible solution to this paradox is offered by the innovative study of Klitgaard and Elmelund-Præstekær (2013) who focus on the Danish case and, through a content analysis of welfare-state legislation, they explore the government's intentions. Their argument is that party-politics matters for the way in which the government approaches the retrenchment of the welfare state, as right-wing parties are keener to retrench than left-wing parties.

The synthesis that can be made from the debate is that parties are adapting to the changing role that governments have in a globalized world. The increasing authority gained by international institutions, together with the increasing power gained by private market actors (Hall & Biersteker 2002), has in fact caused a shift in the role of the state in OECD countries: while it traditionally was the monopolist of political authority, during the last decades it appears to have become a manager thereof (Genschel & Zangl 2014). As parties are the actors that actually compete for state power, this shift has also influenced their behavior. In fact, changes in the structuration of political conflict are observable all over Europe (Kriesi *et al* 2012). The question that remains to be answered, however, is whether these changes do not affect the fundamental aspects of party-democracy that make it democratic and legitimate. In western democracies governments are embedded in system in which they must ensure the availability of jobs, economic growth, proper standards of living and economic security (Lindblom 1977).

The power through which they can do so, is legitimated on the one hand by the rules of the democratic process, and on the other by the extent to which they are successful in achieving these objectives (Offe 1975; 1984). The role of parties is thus both to give voice to

the democratic preferences, as well as to ensure that these are successfully implemented. Consequently, parties have two main sources of power: the representation of popular preferences and the access to state resources. In the current context of post-industrialization and globalization, however, the former is being challenged by the changing composition of society, and the latter by the emergence of other sources of political authority in the globalized world. Even though the evidence of empirical studies seems to suggest that parties are successfully responding to representative challenges (Kitschelt & Rehm 2015) and that governments are maintaining an important position in the international political economy (Genschel & Zangl 2014), an aspect that needs yet to be explored is what these changes mean for the legitimacy of the system that connects citizens to public policies. In other words, what I would like to get to know is whether these adaptations also impacted the balance between representation and government and, if yes, how.

A party family that has substantially adapted to the contemporary societal and economic challenges is Labour, and therefore constitutes a relevant first case study in this regard. The debates about the present and future of social-democracy in the post-industrial world, in fact, revolve around the same controversies discussed so far.

1.4 Labour's representative challenges

In the summer of 2015 the British Labour party held internal elections to find a new leader, after disappointing results in the general election earlier that year. The contest was won by Jeremy Corbyn, a member known for his radical positions and his harsh criticisms of the direction the party had taken since the 1990s. His appointment as new leader not only created significant turmoil within the party, but also drew substantial international public attention (*Frankfurter Allgemeine* 2015; *The New York Times* 2015), stimulating discussions about the compatibility between radical electoral mandates and the duties of government in a post-industrial economy (*Washington Post* 2015).

The Corbyn episode, however, has not been the only recent political development that has raised this type of issue. Two additional and important examples are the recent terms in office of the French president, François Hollande, and the Greek prime minister, Alexis Tsipras (Karremans & Damhuis 2016; Aslanidis & Lefkofridi *forthcoming*). All these cases, featuring left-wing parties, are illustrative of how there may currently be a sharp tension

between the demands for political representation and governmental responsibilities. The question that political scientists need to answer in this regard, however, is whether the sharpness of this tension is peculiar to the contemporary period, or is simply inherent to the functioning of representative democracy. An over-time comparison of how Labour governments have dealt with this tension would therefore be largely elucidating.

Even though the issues raised by Mair are not exclusively about the political left, it is beyond doubt that the problems faced by contemporary social-democratic parties across Europe are to a large extent reconcilable with issues of a constantly mutating electorate and the need to adapt the economic recipes to the changing world economy. It is actually unsurprising that discussions about the challenges and future of Labour revolve around the same questions discussed in the literature review above. On the one hand, in fact, the socio-economic changes of advanced industrial countries have led some scholars to predict a disappearance of social-democratic parties (Pontusson 1995). Other scholars, instead, hold that social-democrats have adapted to the socio-economic changes by addressing a new electorate (Kitschelt 1994).

The question about Labour's responsiveness in the current age of globalization is again very much related to the question of compatibility between democracy and capitalism (Merkel 2014). As left-wing parties are traditionally the most sensitive to responding to social needs, the tension between democratic principles and the imperatives of the capitalist economy may become particularly acute for them. Governments – and especially Labour governments – need to move between the principles of economic productivity and social need. If it is true that globalization induces governments to increasingly focus on economic productivity rather than social needs, left-wing parties would be increasingly unfit to govern. It is therefore no coincidence that the above-described controversies among scholars about the quality of political representation re-appears also – and especially – in discussions about the fate of Labour parties in the globalized world (Blyth 2003). Since the 1990s, in fact, social democrats have gradually been absorbing a considerable extent of neo-liberal ideas into their ideological platforms, accepting the free market as the way to distribute goods, resources and services (Bobbio & Cameron 1996; Green Pedersen & Van Kersbergen 2002; Giddens 1998, 2000). The question that divides scholars, however, is whether this transformation of European social-democratic parties is to be interpreted as a sort of

compliance to the wishes of economic elites (Pierson 2001; Crouch 2015) or as a way to meet the demands of a changing working class (Kitschelt 1994; Gingrich & Häusermann 2015).

Parallel to the rise of neo-liberalism as the leading paradigm in the international political economy, as already mentioned, the composition of society has undergone fundamental changes. This has been largely due to the tertiarization of the economy. As Beramendi *et al* (2015) strongly emphasize, the de-industrialization of many western economies has led to an outsourcing of low-skilled manufacturing jobs, in favour of more high-skilled service sector jobs. This has led to a more complex fragmentation of the electorate, as the traditional class-struggle between rich and poor has gradually given space to different sets of divides. Social-democratic parties in particular have been confronted with the contradictions between their traditional ideologies and the changing interests of large parts of their core constituents (Kitschelt 1994). During the 1980s and 1990s, therefore, social democrats increasingly found themselves trapped in the dilemma of responding to the demands of those parts of their electorate that were gaining from the economic changes, or of those parts that were losing (Iversen & Soskice 2015: 196–198; see also Häusermann & Kriesi 2015; Rueda 2007). In most western European countries, Labour parties opted for the first solution, namely to become the party of the emerging new middle class.

Gingrich and Häusermann (2015) document this transformation in detail. Their argument is that the programmatic shift undergone by most western European Labour parties responds to the shifting policy preferences of their new electorate. Their data show that, by roughly the end of the 1980s, the low-skilled working class gradually stopped being Labour's main source of votes and that during the 1990s Labour became the party of what they call the 'new middle class'. This new electoral group is constituted by medium- to highly-skilled people working in the service sector. While these people share the traditional social-democratic ideal of redistribution, this group has different preferences regarding welfare state policies. The traditional social-democratic welfare policies, in fact, consisted in government compensation for people's loss of income. The new middle class, instead, tends to be against this type of social policies and favours 'activation' policies through which the state creates the conditions by which people can re-enter the labour market more easily. These preferences have been met by Labour's programmatic shift of the 1990s. With these shifts the traditional welfare expenses have been replaced by social investment policies (Lister 2003; see also Huber & Stephens 2015 and Gingrich & Ansell 2015). Based on the evidence gathered by

Gingrich and Häusermann (2015), it can thus be argued that the transformation of the social-democrats has been a ‘winning electoral formula’, without which social-democratic parties may have been doomed to extinction (Kitschelt 1994; 1999. This argument is part of the broader point made by Beramendi *et al* (2015), according to which the changes undergone by Labour are part of the big re-alignment process taking place across post-industrial countries (Kitschelt & Rehm 2015).

The other side of the debate points more to the gradual loss of votes that social democrats – together with other mainstream parties – have been suffering over the last couple of decades (McCrone & Keating 2015). These figures, in turn, can be easily reconciled with the insights regarding the obscuring of the programmatic offer by left-wing parties (Lacewell 2013), as well as with questions regarding the extent to which Labour’s new social policies actually reduce inequalities (e.g. Solga 2014). From this perspective, thus, Labour’s programmatic shift would leave the poorer sections of society underrepresented (Giger et al 2012), while reducing the scope for political conflict with competing governing parties on the right (Lee & Stanley 2006). The essence of this argument is thus again that political representation is gradually exiting the government sphere, reducing the programmatic differences between different governing parties.

Like the debate on political parties in general, the empirical work of the more optimistic views about the state of contemporary social-democracy, seems to be ahead of the theorists of the democratic malaise. The empirical evidence of the new social-investment policies being in line with the preferences of the new middle class is a strong indicator that Labour has adapted to the societal changes and continues being responsive by meeting new policy-preferences. The question that remains, however, is the extent to which the governmental sphere still features the same degree of political conflict as during the industrial era. In other words, when the demands of political representation are opposed to the duties of government, can political representation still win? If, yes, to what extent?

To shed light on this question, I explore the extent to which two contemporary partisan left-wing governments profile themselves as responsive to *a part*, and the extent to which they profile themselves as responsible *for the whole*. The aim of the thesis is however not to make any normative claim about whether democracy today is better or worse than in the past. It simply tries to make a descriptive inference about a fundamental aspect of representative democracy, namely the balance between responsive and responsible

government. Considering that the way in which democracy works is almost a casual result of different historic circumstances, it would not be a surprise if the recent big societal and economic changes have also brought some alterations to the fundamental characteristics of representative democracy.

Chapter 2

The study of justification arguments

The question about the impact of globalization on the functioning of national democracies is not an easy one to answer (Dalton *et al* 2011). Investigating this issue, in fact, requires to deal with all those mechanisms that connect citizens to public policies. A full analysis of this whole process would require the understanding of different complex phenomena such the structuring of political preferences within the electorate and the representation thereof during the policy process (Dalton *et al* 2011; Kriesi 2013 *et al* 2013: 58). The democratic process in fact, as briefly illustrated in the previous chapter, involves many stages and is therefore practically impossible to be studied in its whole complexity. The alternative solution for investigating it is to identify and analyze that stage in which, according to theory, the representative chain might be subverted (Powell 2004). This means to identify that stage in which the empirical implications of the theories would become visible. Post-industrialization and globalization are expected to undermine the democratic process respectively during the aggregation of preferences and the policy process: the ‘particularization’ of the electorate (Franklin *et al* 1992) jeopardizes the structuration of demand, while globalization is expected to reduce the policy options available to governments (Rodrik 2001; Scharpf 2000). The joint effect of these, according to Mair (2014; 2013), would be a gradual downgrading of governing parties’ representative role. The existing empirical evidence seems to indicate that parties are gradually re-structuring their supply according to the changing preferences of the electorate, and that the relevance of the partisan composition of governments still matters for policy outputs (Beramendi *et al* 2015; Dalton *et al* 2011). However, while these studies conclude that party-programs still matter for policies, they do not exclude the possibility that, over time, government’s room-for-maneuver is slowly being eroded. What is needed to contribute to the debate, therefore, is an approach that first explores how the representative nature of party-government survives the policy process, and that then allows to make comparisons between the post-industrial and industrial era on the political representativeness of governments.

In this thesis, I try to develop such an approach with a comparative study of justification arguments. In this chapter I will describe my approach in detail. I start by

arguing why I choose to analyze the justifications rather than the policies themselves and indicating how my approach can help to move beyond the deadlock at which the scholarly debate on contemporary parties' responsiveness seems to be blocked. I continue by elaborating on how justification arguments allow to study the responsive-responsible dilemma in a comparative way and then, in the central part of the chapter, I describe the method for analyzing them. The chapter ends with an overview of my overall research strategy, including cases selection and hypothesis formulation.

2.1 Justification arguments and the responsive-responsible dilemma

2.1.1 The limitations of studying policy outputs

Even though policy outputs are the ultimate result of the policy process, there are some limits to the comparative insight they provide about the extent to which governments are 'responsive' or 'responsible'. These limits become particularly evident in some of the policy studies contained in Beramendi *et al* (2015). In fact, the labelling of their analytical framework as 'model of constrained partisanship' (Beramendi *et al* 2015: 2) raises the obvious question: constrained to what extent? The studies on policy outputs contained in the volume, in particular Huber and Stephens (2015) and Gingrich and Ansell (2015), do not go far in giving a *comparative* answer to that question. Both studies combine large-N comparative overviews with deeper small-N qualitative insights. However, while recognizing that the recent policy outputs of post-industrial countries have been a result of the interplay between partisanship and external constraints (Beramendi *et al* 2015: 388), the assessment of whether the borderline between these two factors has moved in favour of the external constraints remains unclear. This lack of clarity, I argue, is largely due to a missing link between the answers provided by small-N and large-N analyses.

To make the claim that post-industrial social policy is largely determined by partisanship and coalition building, for example, Huber and Stephens (2015: 274–280) report the evolution of the pension system since the 1980s in the UK, Germany, the Netherlands and Sweden. They put the emphasis on how, especially in the UK, under right-wing governments spending on pensions declined, while under left-wing governments the schemes became more generous. This narrative about the individual countries serves to complement the big picture

offered by quantitative data, which gives an overview of the relationship between government partisanship and policy outputs. In the case of Huber and Stephens, the qualitative story serves to compensate for the lack of statistical significance of the relationship for the post-1985 period, as the quantitative indicators fail to grasp the most important dimensions of how policy is delivered (Huber & Stephens 2015: 271). Huber and Stephens recognize the constraints on partisanship caused by the world economy and fiscal pressures at the beginning of the 1990s, but emphasize how, in spite of those constraints, the left remained associated with ‘redistributive and solidaristic policy designs’ (Huber & Stephens 2015: 272), while the right remained associated with policies in favour of the private sector. While proving that partisanship still matters, however, the question Huber and Stephens leave unanswered is whether in the post-1985 period it matters *more or less than* during the pre-1985 period.

Gingrich and Ansell (2015) also fail to address this question. Their analysis is about how social investment policies have been implemented at different levels in different post-industrial countries, and shows that the implementation of such policies is the result of an interplay of the governing parties’ preferences and pre-existing conditions. Their large-N comparative overviews show that left-wing parties clearly support more progressive policies than the right. Like Huber and Stephens, moreover, Gingrich and Ansell (2015: 293–294, 296–297, 301–303) use a qualitative narrative to make the case that governing parties’ ideological preferences have had a strong impact on the implementation of social investment policies in the UK, Germany and the Netherlands. In the same way as Huber and Stephens, thus, Gingrich and Ansell show that party-politics still matters for policy outputs. Yet, these studies only tell us that governments can still be responsive, but hardly explore *the extent* to which this is true.

Mair’s argument does not imply that the relevance of party-politics has disappeared altogether, but points to a long causal chain that might slowly be eroding that relevance. To explore the truthfulness of this claim, it is thus necessary to explore whether, at the policymaking stage, the space for political representation today is *relatively* smaller than in the past. The policy studies contained in Beramendi *et al* (2015) tell us that political representation still plays an important role, but do not place the importance of that role in comparative perspective with the industrial era. This would actually also be highly problematic. Due to significant socio-economic differences, responsive and responsible

government mean different things in each time period, even for cabinets with the same partisan composition. Beramendi *et al* (2015) succeed in making this point, but their framework does not allow to look at the responsive–responsible dilemma at a more abstract level. Given that in both time periods parties had to combine political responsiveness with governmental responsibility, the question is not about actual policies, but about the criteria for decision-making. The analyses of policy outputs keep bringing ambiguous answers to this question for the simple fact that the post-industrial social policies are not comparable with the social-spending of the industrial era on the extent to which they are *more or less* responsive. Even if it may seem trivial, this deeper insight may be crucial for proving or disproving that the representativeness of Labour is undergoing a slow but gradual decline.

This problem may partly be solved by large–N longitudinal studies about the persistence of the relevance of partisanship for policy outputs over time (e.g. Garrett 1998). However, in this case it is difficult to find indicators for policy outputs that remain associated with the same parties across time. Government spending may be such an indicator but, even if it works well for highlighting the differences between left- and right-wing governments, it is influenced by so many factors that it is hard to grasp the extent to which it is actually shaped by those partisan differences (Dalton *et al* 2011: 198-201, 205-208). Moreover, it would be difficult to operationalize the labour activation regulations of the post-industrial era into such figures. In the study of the evolution of welfare states, this problem has partly been solved by shifting the focus of the analysis to social rights entitlements (Allan & Scruggs 2004; Korpi & Palme 2003).¹ These studies find that since the 1980s there has been a general pattern of welfare state retrenchment. This pattern tends to be sharper under right-wing governments and tends to slow down under left-wing governments. Their finding is thus that partisanship still matters for social policies, but globalization has altered the space within which political conflict takes place. The reduction of the space available for political conflict is precisely what Mair means with the claim governments are becoming increasingly responsible and less responsive. To further test this claim, therefore, a comparative approach is needed that allows to get a deeper insight into how the dimensions of that space have changed. What is missing, in other words, is an approach that first gives analytical insight

¹ For a literature review, see Starke (2006).

into the dynamics of the interplay between government partisanship and external forces, and that also lends itself for *comparative* overviews.

2.1.2 The potential contribution from the study of justification arguments

It is for this reason that I decided to move at the next stage of the democratic process and to look at the arguments with which governments justify their policies. Due to their position in the democratic process, justification arguments are informative of how the representative nature of governments survives the many pitfalls of the representative chain that appear during the policy process, when the responsibilities of governing may become more important than the parties' electoral promises. During the policy process, the constraints deriving from for example a shortage of funds or from international pressures may withhold a politician from being 'responsive' (Powell 2004: 99; Schmidt 1996). Promises made during the electoral campaign may thus not be kept as a consequence of factors intervening at this stage. These unkept promises may have 'legitimate justifications', but in general they should be considered as 'red flag' indicators that policy makers are engaged in 'subverting responsiveness' (Powell 2004: 99). As these justifications feature those indicators, they are by consequence also relevant objects of analysis. Through a comparative study, in fact, it is possible to see how in different contexts the 'legitimate justifications' for un-kept promises vary. If Mair and Scharpf's arguments are right, these legitimate justifications should increase with the internationalization of the economy and the changes in society. Being justifications for unkept promises, they cannot rely on parties' representative role, but must refer to parties' governmental duties. With this premise, it becomes possible to test the hypothesis that contemporary governments rely more on output-legitimacy to justify their policies than governments from the post-war period. But the study of justifications can go even deeper than that.

Discourse lends itself very well for analyzing the representative nature of an actor. As a matter of fact, studies on parties' political supply often rely on the analysis of statements, speeches or party manifestos (e.g. Kriesi *et al* 2008; Gabel & Huber 2000). These studies, however, look at the aggregation stage of the democratic process and do not explore how political representation persists throughout the term in office. As argued in the previous chapter, the responsive-responsible dilemma is latently present at each stage of the

democratic process, but it truly manifests itself only at the policy making stage. In order to get insight into how the representative character of government persists throughout the democratic cycle, it is thus necessary to look at discourses that come after the policy process, and thus to look at justification arguments. Discourse, moreover, is an important tool that governments use to maintain political and public support (Schmidt 2005: 13). Therefore, by studying justification discourses, it is possible to explore how governments choose to maintain that support by characterizing themselves as either responsive to electoral demands or as responsible in the given circumstances. The balance between justifications referring to responsive and responsible government is thus informative about the common perception that there is between the speaker and its audience about how government should be. The study of justification arguments can potentially tell us the extent to which contemporary governments still want to be perceived as political representatives. If developed precisely enough, the study of justification arguments could actually even place governments on a responsive-responsible scale, in the same way as content analyses of electoral manifestos enable us to place parties on a left-right scale.

An objection that may be raised against this kind of approach, however, is that the discourse of politicians may be unreliable and therefore not a fair representation of their thinking. This problem, however, is considerably reduced when analyzing public discourse. Even though it remains true that politicians may refrain from expressing their true thinking when this may be strongly disapproved by their audience, at the same time they will be expected to produce policies that are consistent with their rhetoric (Van der Veen 2011: 31). When looking at particular speeches or debates held within the legislature, moreover, a number of additional advantages emerge. First of all, in these type of situations, we can expect the audience to be well informed about what policymakers talk about, and therefore that the latter are under pressure to provide precise information about their actions and plans. Consequently, in policy debates we can expect politicians' discourse to be a relatively good approximation of their actual policy plans. Secondly, within the legislature there are a number of formal speeches and debates – like those regarding budget allocations – that occur with a certain regularity in similar scenarios, and that therefore allow for comparability. These types of discourses shall therefore also constitute the object of my analysis.

Another comparative advantage offered by the study of discourse, as I will show throughout this chapter, is that it lends itself for being studied at different levels of what

Sartori (1970) calls the ‘ladder of abstraction’. In the study presented in this thesis, this means to move from the specificities of the discourse itself to the broad and abstract categories of input- and output-legitimacy. By moving up the ‘ladder of abstraction’, it becomes possible to compare the representative nature of governments from different countries and from different time periods. As I will show, Scharpf’s conceptual distinction can be applied in a way that it highlights the difference between the legitimacy deriving from parties’ representative role and the legitimacy that derives from the norms and procedures of government. The distinction allows the comparison across the different time periods because, despite the economic and societal changes, the functioning of representative democracy has remained essentially unaltered. Today, as was the case fifty years ago in fact, governments gain their democratic legitimacy through elections, during which different parties compete with different electoral programs. Today as fifty years ago, consequently, governments must combine the legitimacy deriving from the procedures that led them in office with the legitimacy deriving from the soundness of their actions. The study of discourse sheds therefore light on how the combination plays out differently in the two time periods.

Studying discourse, moreover, does not mean to forget about the actual policies being implemented. On the contrary, the study of discourse is supposed to take into account the context in which it takes place. In the case of justification arguments, this means first of all to identify the actual policies they refer to. Secondly, in order to categorize the discourse, there are a number of things to be taken into account, like the distinctive characteristics of the electoral program of the party in office, the dynamics of the electoral campaign, the constraints the party faced to implement its program, the policy legacy, the institutional context and the general economic and financial situation. In sum, the study of justification arguments needs to build on what is known about the different facets of the responsive-responsible dilemma faced by a certain government. The influence of these facets is then operationalized and measured in the discourse.

2.2 The identification of relevant justifications

Once having established that justifications are the units of analysis for this research, the next step is to clarify from which discourses the justifications must be taken from and which passages of those discourses actually qualify as justifications. The first is a problem of

relevance and comparability, the second of definition. For both problems, it is important to keep in mind what the purpose of the analysis of the discourse is. In order to allow for comparison, the discourses must be highly similar between one another. That means, they must have the same purpose, the same type of audience and roughly the same institutional context. In order to make descriptive inferences about the responsive–responsible dilemma, moreover, the discourses must be somehow representative of the general action of the government. From these discourses, those passages must be selected that tell us what the concerns of the government are when making policy.

In the first of the next two subsections I will first clarify which discourses constitute the objects of my analysis and describe how they contain relevant qualitative data for making comparative descriptive inferences about the responsive-responsible dilemma. In the second subsection I illustrate the criteria I use to gather the relevant passages from these texts.

2.2.1 Discourse selection: the presentation of yearly budgets

The main reason why I am choosing discourse over policy outputs is that it somehow lends itself better for overtime comparison. However, this is strictly dependent on a proper selection of the text or speech that is going to be analysed. Comparison would result to be pointless if for example a television interview is compared with the speech of a minister towards a parliamentary commission. Similarly, for policy discourse a comparison between speeches on social policy with speeches on defence policy would make little or no sense. The text-material must therefore regard the same policy area and have the same function in the relationship between government, parliament and voters. On top of that, selection of the policy area and the type of speech/text must also undergo careful scrutiny: the final analysis must tell us something about how the government deals with the responsive-responsible dilemma. The discourse that is being analysed should ideally regard policies that affect many actors, and that consequently is addressed to the widest possible audience. A discourse is needed in which the government defends its policies towards both the ‘part’ it represents, as well as to the ‘whole’ *for* which it governs. Besides that, as already argued above, it would be preferable if the analysed discourse is held in an institutional context and that it is closely linked to actual policies. It is for these reasons I choose to look at the presentations of yearly budgets towards the parliament.

Besides being yearly events, these presentations take place – even though in slightly different forms – in most European democracies. With these texts, which may be either spoken or written, the cabinet-member in charge of the public finances presents the government's budgetary plans for the coming year. These texts contain the government's expenditure and taxation plans and, consequently, they refer to a wide range of policy areas, offering therefore an overview of the general government's action. In these discourses, the minister needs to talk about how the government may be succeeding or failing to implement its electoral program, as well as about how its action is contributing to the overall national wealth. As the minister is addressing the whole national parliament with the close attention of the media, the audience ranges not only from the party supporters to the government's opposition, but also from the local party constituencies to the international financial markets. The presentations of the yearly budgets therefore offer an insight into how the government wishes to profile itself in front of this wide audience.

The formality with which these budget presentations occur keeps many factors constant, as the dynamics of these formal exercises have not fundamentally changed over the last forty years in most western countries. These overtime similarities enormously facilitate the comparison of contemporary and past cases. The speeches (or written texts) whereby the government addresses the parliament, in fact, have generally maintained the same formal characteristics over time, and are closely followed by both the parliamentary majority as well as the opposition. What has changed is the world surrounding these formal exercises, as parties represent a different type of society, and governments today may have different sets of duties than in the past. The overtime comparison of the budget presentations, therefore, allows to see how in the post-industrial world a minister addresses the parliament – and consequently the nation – differently than during the industrial period. Thereby, it allows to make comparisons on the weight of partisanship for the different governments, allowing thereby descriptive inferences on the balance between responsiveness and responsibility to be developed.

2.2.2 Passage selection: the identification of justifications

After having identified the discourses to be analyzed, the next step is to define which passages thereof are relevant to the analysis. For this purpose, a definition of justifications is

needed. By simply looking at the dictionary, the most straightforward definition is that justifications are those arguments with which certain actions are being legitimized. Justification and legitimation are therefore the same thing and in this thesis I use the two terms interchangeably. Legitimacy consists in ‘the principles and procedures through which it can be rationally argued that collectivized decisions must be accepted’ (Bartolini 2005: 165-166). Similarly, a justification is a ‘legitimation process that normalizes unexpected, untoward acts’ (Zelditch 2001: 7). Justifications, therefore, are those arguments with which an actor explains to its audience how or why its actions are suited in a certain circumstance. In the case of governments, justifications are those arguments with which policies are being presented as proper – and therefore as acceptable – to the parliament and the wider (inter)national community. Justifications consequently inform us about a common understanding between politicians and their audiences about what governments are expected to do. By studying these arguments, we learn about how governments profile themselves and, thereby, we get a closer insight into ‘what they are about’ (Robinson 2005: 51), as well into the ‘logic of appropriateness’ of their actions (March & Olsen 2004).

The main obstacle in the collection of justifications, however, is to clarify what characteristics render the passage of a text a justification, and therefore a unit of analysis for comparative empirical research. To overcome this obstacle, I drew inspiration partly from the methods used to study the frames used by politicians when they advocate their policy proposals in the legislature (Van der Veen 2011), and partly from the methods used to analyze legitimation discourse (Schneider *et al* 2011).

Van der Veen (2011: 30–34, 36–39) tries to understand why countries give foreign aid by looking at parliamentary debates on the matter. To do so, Van der Veen first gathers the passages in which the goals of foreign aid policies are spelled out, and then reduces them to simple propositions that highlight the frame with which the policy is being presented. Schneider *et al* (2010: 41–44) instead look at statements through which political systems are assessed and evaluated. The text material they analyze comes from quality-newspaper articles and does not necessarily refer to policies or the government’s action. Their way to analyze the discourse grammar is however very useful to transform justifications into countable units. Van der Veen’s method is therefore a useful tool to collect the passages that are relevant for my analysis, whereas Schneider *et al*’s method is very helpful for actually coding these passages.

The collection of relevant passages consists in identifying policy-justifications. Unlike many existing studies focusing on governments' discourse – like for example the work clustered around the Comparative Agendas Project (e.g. Green-Pedersen and Walgrave 2014) – I do not consider the full body of the text as relevant for my measurements. Instead, I am only interested in those parts in which the government provides information on the origins, criteria and/or objectives of its actions and decisions. Consequently, certain sections of the budget presentations are discarded from my analysis, like for example the following passage from the 2009 budget speech of the British Chancellor of Exchequer:

In early 2008, we also saw dramatic volatility in many commodities prices, adding to uncertainty and putting pressure on growth. Last autumn, the dramatic failure of one of the top investment banks in America— Lehman Brothers—shattered already fragile confidence and brought the international financial system to its knees. Since then, an extraordinary international financial crisis has fed into the wider economy, causing a steep and widespread world recession. A crisis that started in the developed economies has spread to emerging and developing countries too. Industrial production has fallen and unemployment is rising, by 5 million in the United States alone. In the past few months, world trade fell, and while our exports are down 14 per cent., exports in Germany are down 21 per cent., in China 26 per cent., and in Japan 45 per cent. So for the first time since the second world war, the world economy is expected to contract this year.

(Alistair Darling, *House of Commons*, 27 April 2009)

As this part of the speech does not directly link to the British government's action, it does not contain elements that are relevant for my study. Even though it is true that the ultimate aim of the Chancellor's description of recent developments in the international economy is to contextualize the government's action, I decided to avoid coding these type of passages because they reduce the comparability of different budget presentations. The reason for this is that in these parts of the text the references to for example the economic crisis may vary in relation to factors that have nothing to do with the actual impact of the crisis on the government's budget. In other words, the references to the crisis may vary simply because of the speaking style of the Chancellor. To overcome this problem and increase the comparability of the budget presentations of different governments from different time-

periods, I only look at passages that directly refer to a policy, a decision or an action by the government. The following passage – which in the speech directly follows the example above – is one of the text snippets that I coded:

*In the past few months we have seen **considerable economic uncertainty**, and that has fully justified the action we, and other countries, have taken to **support businesses and people**. Since the autumn, we have **put the banks on a stronger footing, cleaning up their balance sheets and helping to boost bank lending**.*

(Alistair Darling, *House of Commons*, 27 April 2009)

The passage directly refers to the action undertaken by the government and provides an explanation of why this policy or decision is to be accepted by the community. In this particular example, the explanation is centered on the context of economic certainty and highlights the objective of supporting businesses and people by helping banks to boost lending. In sum, thus, the passages relevant to my analysis are those that directly refer to the government's actions or decisions and that provide an explanation of the aims and origins of these.

The subsequent coding of the text follows the logic of the method proposed by Schneider *et al* (2010: 43), whereby legitimization statements can be reduced to the proposition: *this policy is legitimate because...* These propositions can consequently be categorized in those that legitimize the policy according to the demands of voters and those that legitimize in the name of the national interest. This method, consequently, allows to get a quantitative overview of the criteria with which governments present their budgetary plans as appropriate. To categorize the discourse, however, a further conceptualization and operationalization of input- and output-justifications is needed.

2.3 The classification of justifications

Scharpf's distinction between input- and output-legitimacy is highly abstract. In order to make it applicable to the study of justifications, it is necessary to move down the 'ladder of abstraction'. In the following pages, I show how by deductive reasoning it is possible to create an idea of the difference between input- and output-oriented justifications. Still, this distinction does not provide sufficiently fixed parameters to be applicable to empirical reality.

Therefore, I complemented this deductive reasoning with an inductive approach. By collecting the justifications of the budget speeches of different governments and listing their references, I created ten broad categories that could subsequently be divided into input- and output-oriented. By looking directly at the justifications, I moved thus from the empirical reality back on the ‘ladder of abstraction’, reaching the same distinction I achieved through deductive reasoning.

2.3.1 Deductive distinction

As I argued in the previous chapter, the interplay between the representation of ‘parts’ and government for the ‘whole’ is the way in which modern day democracies integrate the representation of people’s preferences with the practice of good government. Therefore, Scharpf’s distinction between input- and output-legitimacy needs to be applied to the inherent functioning of party-government. This means that this distinction must be applied to the distinction between responsive and responsible government. As input-legitimacy is based on the democratic procedures that selected the government, input-justifications should be those that defend policies on the extent to which they are responsive to the electoral demands represented by the party in office. Output-justifications, instead, follow the principles of output-legitimacy and consequently defend the policies according to what they bring to the national interest, emphasizing how responsible they are in the given circumstances. The distinction must therefore be between those arguments that profile the government as partisan and those that profile it as ‘good’ government. Input-justifications justify policies according to what the party-voters expect from the cabinet, whereas output-justifications defend policies according to what is expected from any government. The distinction highlights thus the conflict between government *by* a part versus government *for* the whole.

The commitment to follow the party-program is the main characteristic of what I intend to classify as input-justification. This characterization, however, is not enough for distinguishing them from output-oriented arguments. As already mentioned, the responsive–responsible dilemma is latently present throughout the whole democratic process, and therefore also during the aggregation and institutionalization of the popular preferences. When presenting themselves at elections, parties need not only to profile themselves as representative of certain interests or ideas, but also as reliable governors. Because they need

to speak to an audience that is wider than their regular voting base, parties generally try to profile themselves also as worthy of running the state apparatus. For this reason, also party programs talk about the constraints and duties of running government. In order to force a clearer distinction between input and output, therefore, I consider as input-oriented those justifications that really define the partisanship of the government. In other words, the input-justifications express the political color of the government by referring to that part of the party-program that characterizes that party as different from its competitors. Consequently, these are also the justifications that expose the government to political contestation from the opposition. Input-legitimation claims are therefore highly politically laden and express how one party-government is substantially different from another.

Output-justifications, instead, defend a particular administration's policy according to what is generally expected from government in general, irrespective of the party in office. Rather than lending themselves to contestation regarding the fundamental principles behind the policy, these justifications tend to direct the discussion towards a confrontation of opinions regarding how the government's policy can be improved in order to achieve the national interest. The arguments focus on what the government *needs* to do in order to serve the national community, and defend the policies as the best possible options in the given circumstances. From this perspective, political conflict is reduced to an exchange of opinions regarding the means to achieve the common good (Scharpf 1975: 23). The output-legitimation claims, therefore, tend to be a-political and express how the government is capable in pursuing collective interests. Given that the policy will be evaluated according to what it delivers, the output-oriented arguments highlight the technical competence of the cabinet in producing effective and efficient policies. Moreover, as a government does its best under the circumstances, output-oriented arguments include also the recognition that in some cases the government's hands will be tied.

The distinction between input- and output- justifications is essentially about a different understanding of what the government *is about*. Table 2.1 summarizes the distinction.

Table 2.1: Input vs Output Justifications

	Input justifications	Output justifications
<i>Source of legitimacy</i>	Electoral mandate	National interest
<i>Origins of decision</i>	Will of governing party, responding to electoral demands	Need for certain decisions, adapting to current circumstances
<i>Criteria behind the decision-making process</i>	Inputs coming from the electoral mandate and societal interests	Rationality, technical competence, efficiency
<i>Emphasis</i>	Representative function of party-government, responsibilities towards party-voters	Responsibility of the government to serve the national interest, ‘good government’
<i>Characteristics of the discourse</i>	Politically contestable, confrontational, references to voters’ demands and societal interests	A-political, technical, defensive, references to obligations, inevitability of policies, need for rationality, need for consensus.

This conceptual framework allows the exploration of the balance between responsive and responsible government by analysing the discourse with which governments defend their yearly budgets. For the analysis, however, a coding scheme is needed that is in line with this framework and that produces a consequent and reliable categorization. In other words, the conceptual distinction needs to be transposed to the empirical reality of the different discourses. The distinction presented in Table 1 is still highly abstract and would still leave space for ambiguous interpretations. As the functioning of democracy rests on the combination of input- and output-legitimacy, in the empirical reality of government discourse the distinction between the electoral mandate and national interest generally appears as highly blurred. In order to bridge this gap, I started from the bottom of the ‘ladder of abstraction’,

creating the final coding scheme using a more inductive approach. The insights deriving from this deductive distinction, however, will strongly come back in the argument I will develop in Chapters 5 and 6.

2.3.2 Inductive distinction

The method of Van der Veen (2011) and Schneider (2010) allows the researcher to gather justification propositions without having an *a priori* idea about a particular coding-scheme. In other words, it is possible to gather all the justifications from the given texts and note down all the different references used by governments to defend their policies as just. From these different references, it is possible to see whether certain patterns occur and consequently start grouping these into broader categories. Then, we can see whether these categories can be grouped into even more abstract categories, creating thereby the distinction between input- and output-justifications. Starting from the empirical reality of the discourse thus, I moved back up on the ‘ladder of abstraction’, reaching back to the categories created at the theoretical level.

The first step in this process is to collect the justifications from the budget presentations of the governments I selected.² In Section 2.5 I will tell a bit more about the case selection procedure and which budget presentations I actually look at. Important to mention now is that, in this process, I collected the justifications from both contemporary and past Labour governments of my case selection, from both the Netherlands and the UK. From these justifications emerged a pattern of reference-categories that defined the coding scheme with which I did the content analysis for these Labour governments. As I will show in Chapter 5, by just adapting the input-oriented categories, this coding scheme is also applicable for studying the justifications of the Thatcher and Monti governments.

After having gathered the passages relevant to my analysis (as described in Subsection 2.2.2), I started highlighting those core-phrases that tell why the policy or decision is just. To better illustrate this method, I provide the following example from the

² If they occurred, I excluded from my analysis passages that strictly referred to the military/defence budget, because they fall outside of the scope of my research question. My interest is in the redistributive capacity of governments.

British Brown government, in which the Chancellor of the Exchequer Alistair Darling justifies the government's tax policy.

*First, on taxes, I have already made difficult decisions, and I have been guided by **our values of fairness and the need not to undermine the recovery** (...) Among all the tax rises since the beginning of this global crisis, 60 per cent. of them **will be paid for by the top 5 per cent.** of earners. We have not raised these taxes out of dogma or ideology; we are determined to **ensure that our overall tax regime remains competitive**. But I believe that those who have benefited the most from the strong growth in incomes in the past years **should now pay their fair share of tax**. I have also decided to freeze the inheritance tax threshold for a further four years, and this will help to **meet the cost of care for older people**.*

(Alistair Darling, *House of Commons*, 24 March 2010)

The highlighted parts constitute the core of the justifications. These are the propositions with which the government is telling its audience why the policy is just. The collection of these propositions allows thus to list the different concerns the government has when defending its budgetary policy towards the parliament and the public. The information drawn from this passage can be summarized with the schematic overview presented in Table 2.2.

Table 2.2: Inductive Coding

The policy is just because...	→	Justification proposition
Tax policy	→	Values of fairness
Tax policy	→	Not undermine economic recovery
Tax increases	→	Paid by top 5% earners
Tax increases	→	Tax regime remains competitive
Tax increases	→	Those who benefitted pay their fair share
Tax increases	→	Meet the cost of care for older people

This scheme tells us that the government's justification strategy for its tax policy is for a large extent driven by arguments about social fairness, but responds also to criteria of economic competitiveness. The listing of all the different propositions allows to quantify the justification strategy of each government.

From the four Labour governments of my case selection I collected 1927 of these propositions (980 for the Dutch case, 947 for the UK) and noted down all the different references that were used to justify the policies and decisions. These references ranged from for example targeted help to particular social groups to specific requirements set by certain institutional rules. Even though the specific wording varies from case to case, I observed certain patterns in the references used to justify budgetary measures. By observing these patterns, I identified nine broad groups of reference categories that were in turn distinguishable for their input- or for their output-orientation.

Table 2.3: Coding Scheme for Labour Governments

	Categories	References
INPUT	1. <i>Redistribution</i>	- The left's traditional commitment to redistribute wealth and resources across society
	2. <i>Needs of social groups</i>	- Targeted help to specific social groups (e.g. help for pensioners, assistance to the unemployed, etc...)
	3. <i>Social harmony</i>	- Concerns about society in general. The commitment to ensure that there is harmony and cohesion between its different components.
	4. <i>Environment</i>	- The commitment to protect the environment from pollution.
OUTPUT	5. <i>Economic context</i>	- Contextualizing policy as a result of the economic circumstances (e.g. crisis, growth perspectives etc...)
	6. <i>Economic performance</i>	- Picturing policy according to how it contributes to the country's general economic performance
	7. <i>Public finance</i>	- Emphasis on the government's responsibility towards the country's financial situation
	8. <i>TINA</i>	- Picturing policy as the only possible solution in the given circumstances (there-is-no-alternative)
	9. <i>International context/pressures</i>	- References to international factors, e.g. the world economy, inter/supranational institutions, etc...

The nine reference categories are an aggregation of the different criteria, purpose or reason for the policy. They constitute the main themes around which the justifications for the budgets revolve. As can be seen, a distinction can be drawn between the more social-oriented themes typical of the social-democratic ideological platform, and the economic and financial

themes that are more typical of the governmental responsibilities. It is along this dividing line that I drew the distinction between input- and output-oriented justifications. It must however be noted that this distinction is based on two assumptions. The first is that when citizens choose to actively support a traditional governing party, their support for Labour is based on the party's commitments towards an active state that compensates society for the negative effects of the market economy. The second is that, overall, citizens expect governments of any kind to be economically responsible and that it is in the interest of the state that the government does not go bankrupt.

To create the distinction between input- and output, moreover, I also had to deal with a few grey areas. For example, when the government talks about unemployment, this could be either considered as a social or an economic theme. For cases like this I have drawn the dividing line on the basis of the emphasis of the discourse. When the discourse mainly focuses on the needs of the unemployed, I classified it as input; when the discourse depicts (un)employment as a figure or as an indicator of economic performance, I consider it as output. The classification essentially tries to highlight the distinction between being responsive to social demands and societal needs *vs* the duty of maintaining proper levels of economic growth and financial stability.

The input-oriented reference categories therefore contain the arguments that typically come from a left-wing political ideology and are consequently those that define the partisanship of the government. As the input-category is constructed on the basis of the distinctive ideological characteristics of the party in office, it would differ per partisan composition of government. I will come back on this in Chapter 5. One of the main characteristic of these arguments is that they lend themselves for strong political contestation, in the sense that they are the least likely to be accepted by the government's opposition, who may for example not agree in spending public money to meet the demands of specific social groups.

The output-oriented reference categories, instead, may be contested for the modalities through which the government pursues those objectives or deals with those constraints. They are not likely to be contested for their essence. It is, for example, unthinkable that the opposition urges the government to pursue a bad economic performance. Instead, these arguments are more likely to generate a confrontation of opinions on what is the best strategy to pursue the national interest of economic growth and financial stability.

In Section 2.4 I will provide examples for each reference category. Throughout the chapters, moreover, I will try to further clarify the input-output distinction with the constant use of text-samples.

2.3.3 Justifications and policies

In order to maintain a link between discourse and actual policies, I also keep track of the policy each justification refers to. In particular, I keep track of whether the justification regards policies in which there is a transfer of money from the state to society/economy or from society/economy to the state. In other words, I make a distinction between those policies that enrich the society or economy at the expense of the public finances, and those that enrich the public finances at the expense of (parts of) the society or economy. The former group I classify as expansive policies (public resources from state to economy and/or society), the latter as restrictive policies (state takes resources away from economy and/or society)³. I classify as general policies the general action of the government, the regulatory policies and the policy packages in which there are transfers of money in both directions.

This extra classification allows me to see which type of justifications are more or less associated with certain policies, improving thereby the accuracy of my descriptive inferences. Table 2.4 summarizes the scheme in which I place the justifications, and the percentages with which expansive policies tend to be more associated with input-justifications, whereas general and restrictive policies tend to be more associated with output-justifications.

³ This distinction is not exactly the same as what is often intended as expansion *vs* restriction of the public sector, wherein both expenses and increases in taxation are indicative of the former, and cuts in expenditure and decreases in taxation are indicative of the latter. In my analysis, in fact, I stumbled on the discovery that increases in social benefits – for example – often consist in the reduction of the tax paid by the recipient of those benefits. For the purpose of my analysis, I am more interested in keeping track of whether the government *gives* or *takes away* (financial) resources from society or economy. I therefore created my own distinction between expansive and restrictive policies which, however, runs to a considerable extent parallel to the more commonly-adopted one.

Table 2.4: Association Between Policy Types and Justifications

	<i>Expansive policies</i>	<i>General policies</i>	<i>Restrictive policies</i>
<i>Input justifications</i>	53%	28%	32%
<i>Output justifications</i>	47%	72%	68%
<i>Total %</i>	100%	100%	100%
<i>N</i>	788	721	418

The percentages are taken from the total justifications I gathered for each policy type for all four Labour governments of my case selection. The numbers corroborate the idea that the government's discourse is not disconnected from its actual policies, as Labour's social expenditures are for example generally justified with input-oriented arguments, whereas for example cuts in public expenditure are generally justified with arguments about the country's economic and financial situation. This association will become increasingly clear throughout the chapters.

The distinction between input- and output-justification is thus enriched with on the one hand the association to different policy types and on the other with the deeper division into nine sub-categories. These secondary aspects allow me to make more accurate descriptive inferences about the differences and similarities between the justifications of the different governments. In the next subsection I describe the characteristic content of the justification-proposition contained in each sub-category.

2.4 The justifications of Labour governments

The coding scheme presented in Table 2.3 provides a clear distinction between the representative commitments of Labour governments and the duties of responsible government in western economies. Despite the social and economic transformation of the post-industrial era, the distinction holds for both the 1970s and the 2000s governments. Even if they shifted from pursuing traditional welfare policies of income replacement to the post-industrial social investment policies, Labour parties still distinguish themselves for their commitment to a public sector that protects society from economic losses (Huber & Stephens 2015: 260). The input-categories of Table 2.3 refer to those commitments and allow therefore to compare the amount of justifications that each government uses to profile itself as responsive to Labour's ideological profile.

Similarly, the output-categories gather the justifications from both the industrial and post-industrial eras. These categories contain the justifications that refer to the country's economic and financial objectives, as well as to the commitments towards the international community. These justifications range from arguments about the appropriateness of certain decisions in a given economic context, to more direct statements that characterize government's policy as the only possible solution. The exact content of the justifications within each category, as I will document throughout the chapters, may vary between the cases, as each government may for example talk in different degrees about the level of GDP, the fight against inflation or the balance between imports and exports. In this section I will sketch the distinguishing characteristic of each sub-category. I first deal with the input-justifications and subsequently with the output-oriented arguments.

2.4.1 Social democratic input-justifications

The input-oriented categories for social-democratic governments contain those justifications that defend the government's budgetary measures as functional to the party's redistributive goals. In these justifications, the budget is conceived as the instrument through which governments can make certain corrections in the distribution of wealth across society, provide support for social groups that may be in need, improve the quality of public services or, more recently, protect the environment from certain economic activities.

The redistribution of resources is the argument that is generally used as the foundational principle to justify partisan policies. Despite their role in the overall input-oriented discourse, however, the justifications under the group *redistribution* constitute often an exception in Labour's discourse as, rather than with expansive policies, they often refer to taxation measures or the general policy strategy. Below two examples from the 1970s Dutch and the 2000s British governments, respectively:

*The decisions regarding the taxation measures have been made on the basis of the goal of **working towards a more just distribution of incomes***⁴

(Wim Duisenberg, *Miljoenennota*, September 1973)

⁴ From now on, input-justifications will be highlighted as **bold** and output-justifications will be underlined

It is right that we take additional steps. I believe that it is fair that those who have gained the most should contribute more.

(Alistair Darling, *House of Commons*, 22 April 2009)

Both passages regard decisions about tax measures. In the first passage, the measures are justified as part of the broad plan of wealth redistribution. The second passage profiles the government's action as 'responsive' to Labour's ideal of progressive taxation measures, as the wealthier parts of society will be made to pay more than the lower social classes. The arguments within these sub-categories thus serve to justify Labour's intervention in the economy in order to transfer resources towards its social objectives.

Consequently, the transfer of resources involves many expenditure policies, which are in turn justified mainly with arguments about the needs of social groups and about the functioning of society in general. The arguments about *the needs of social groups* refer mainly to the less fortunate parts of society, such as people with low incomes, pensioners or people who have particular difficulties in participating in economic activities. Together with the justifications about 'redistribution', these arguments are in many ways symbolic of Labour's traditional commitment of creating more social equality. Below three examples of justifications referring to the 'needs of social groups'.

The first two are from the 1970s British government, the third from the 2000s Dutch government:

*In this context, I want to emphasise that the Government are **fully conscious of the special needs of families with children**. That is why, as I announced in my Budget Statement last November, we have made the increase in family allowances to £1.50*

(Denis Healey, *House of Commons*, 15 April 1975)

*The various personal allowances (...) give special **help to the very poor***

(Denis Healey, *House of Commons*, 29 March 1977)

Especially for women, the elderly and the lower parts of the labour market there are chances for more labour participation. The policy efforts of this cabinet are thus mainly directed towards these groups

(Wouter Bos, *Miljoenennota*, September 2007)

In all three passages, the government refers to the needs of particular groups, and thereby profiles itself as sensitive to them. The distinctive characteristic of these justifications is that they portray policies as helpful or responsive to the needs or wishes of specific social categories.

Through this characteristic, the justifications about the *needs of social groups* are clearly distinct from the justifications about society more in general. This latter group of justifications I label as *social harmony* and are about the functioning of social in general. They are generally characterized by references to the provision of public services and often emphasize the government's goal of more social cohesion. As I will show in Chapters 3 and 4, these justifications are used relatively frequently by the contemporary Labour governments. The arguments often refer to a smooth interaction between life and work, or between business and families. Below two examples from the contemporary Dutch and British governments:

*a society in which everyone participates **creates more cohesion and a better climate in which to live and work**_(...) For that reason, the government applies itself in order to increase the involvement of young people in society.*

(Wouter Bos, *Miljoenennota*, September 2007)

*The **importance of our public services**, on which we all depend, becomes even clearer in these difficult times. We have made our choice to continue investing **in our public services, which underpin the health and strength of our nation** now and in the future.*

(Alistair Darling, *House of Commons*, 22 April 2009)

The first passage is a fine example of a justification for post-industrial social policy. With this argument, the government defends its activation policies in the labour market as just because they create more social cohesion. Important to note is that, in this particular passage, even though the policy itself is targeted at young people, the justification is not about meeting the demands of these people, but at creating a better climate for society in general. The justifications contained in the category *social harmony*, thus, differ from those about the

‘needs of social groups’ in that they are about society as a whole. As will become clear throughout the next chapters, these justifications are often used side by side with output-oriented considerations. Nonetheless, they still profile the government’s actions as responsive to the social-democratic commitment to compensate for economic losses, and are therefore part of the input-oriented justifications.

The contemporary Labour governments also feature one type of justification that is almost totally absent in the 1970s cases. These are the arguments about the *protection of the environment*, which became a salient issue only from the end of the 1980s. As these arguments are part of the discourse of defending the livability of society from the negative effects of the market economy, I also include these in the broader input-category. In fact, they lend themselves for political contestation about whether the government should pursue environmentalist policy goals. Below an example of the Brown government’s justification for increasing the fuel duty:

For environmental reasons, we will increase fuel duty by 1/2p per litre in real terms from 2010.

(Alistair Darling, *House of Commons*, 12 March 2008)

Overall, however, also for the contemporary cases, the justifications referring to the environment constitute only a relatively small percentage of the overall justification strategy.

The examples of justifications presented so far define the partisanship of Labour governments. The justifications speak to the expectations of the party base, as they emphasize the efforts the government is doing in order to pursue the partisan policy goals. These justifications, moreover, are unlikely to receive the approval of political opponents on the right. As not all parties in parliament would agree with for example the redistribution of wealth or the financial help provided to particular social groups, these justifications lend themselves for political contestation about whether the government is being busy with pursuing the right goals. It is this characteristic that distinguishes input-oriented justifications from output-oriented arguments, which are about the goals pursued by the whole national community.

2.4.2 Output justifications in western economies

Output-oriented arguments refer to the government's duty to responsibly use its powers. For the measures taken in a budget this means to take into account the economic context, to maximize the economic potential of the country and to ensure that the public accounts have a proper balance between revenues and expenditures. Because of the paramount importance of these tasks for the prosperity of the whole nation, the government is sometimes required to do things with no other alternative. For example, if there is an excessive strain on public finances, an executive may be in a position in which there is no other alternative than to pursue severe restrictive policies. Moreover, as western national economies are internationally integrated, the drafting of the national budget may have influences coming from the international economy or supranational actors. Therefore, I classified the output-oriented justifications into five categories, those referring to: 1) the *economic context*, 2) the country's *economic performance*, 3) the *public finances*, 4) *there-is-no-alternative (TINA)* statements and 5) *international pressures/commitments*.

The arguments from the category *economic context* justify the government's budgetary plans as responsible in the given circumstances. They emphasize the awareness for the current economic problems or opportunities, and generally profile the government as competent enough of dealing with such matters. In some cases, these arguments serve to highlight the constraints faced by the executive in pursuing certain goals, admitting that its hands had been tied by particular circumstances. Below two examples from respectively the Den Uyl and Wilson/Callaghan government:

The Dutch economy has now substantial external margins (...) and a growing production capacity⁵. These observations are guiding for our expenditure policy, in the choice between a more restrictive or a more expansive policy

(Wim Duisenberg, *Miljoenennota*, September 1974)

Within the severe constraints imposed by our economic circumstances I have tried to ensure that (...)

(Denis Healey, *House of Commons*, 6 April 1976)

The passage from the Den Uyl government justifies the expenditure policy as being in line with the country's economic capacity. The passage from the Wilson/Callaghan government,

⁵ From now on, input-justifications will be highlighted as **bold** and output-justifications will be underlined

instead, is an example of a justification emphasizing how adverse economic conditions have limited the scope for government's action. The justifications contained in *economic context*, thus, are those that profile the different budgetary measures as appropriate in given circumstances.

The most frequently used output-oriented justifications are those about the country's *economic performance*. For all governments of my case selection, including Thatcher and Monti, this seems to be most important concern when presenting their budgetary plans. The general action of each government is in all cases for the most part defended with justifications about how it will contribute to the country's economic prosperity. For Labour, the category *economic performance* also contains justifications referring to the help towards business and industry as, in the overall discourse, this help is justified as beneficial to the national economy. In some cases, also the partisan expansive policies are justified as functional to future economic growth. Below three examples of justifications from this category, from the Wilson/Callaghan, Brown, and Balkenende IV governments, respectively:

A major purpose of this Budget is to adjust taxation so as to help and improve our industrial performance. (...) I think the House would agree that what industry requires now is stability in its tax environment. I have therefore decided (...)

(Denis Healey, *House of Commons*, 11 April 1978).

Better access to finance, improved procurement, lower taxes and more time to pay- this is benefiting hundreds of thousands of small businesses and providing the backbone of future economic growth and jobs.

(Alistair Darling, *House of Commons*, 24 March 2010)

In order to improve the competitiveness and productivity of the Dutch economy, we must make use of all the talent present in the country. Therefore, the government invests consistently in education and research.

(Wouter Bos, *Miljoenennota*, September 2007)

The first passage is an example of the Wilson/Callaghan government justifying its tax measures in line with the needs of industry and beneficial to the country's industrial performance. The second is a passage illustrating the Brown government justifying its

general action as good for business and therefore as functional to future economic growth. The third is an example in which the Balkenende government justifies its Labour-inspired investments in education and research as part of its strategy to improve the Dutch economic competitiveness and productivity, and is an example of what will become the central theme in the final part of this thesis, namely the juxtaposition of input- and output-justifications in the discourse of the contemporary cases.

The third category of output-oriented justifications comprises those about the *public finances*. These arguments highlight the government's responsibilities towards for example reducing deficits in public accounts, maintaining fiscal sustainability and financial stability. This type of justifications is generally associated with governments' restrictive policies. With the deepening of the economic crisis, moreover, the Labour governments of my case selection also used these arguments to justify their general action. Below two examples from respectively the Wilson/Callaghan and Balkenende IV governments:

The scope for such measures is governed by the need to maintain the financial stability we have now achieved and to get rid of the deficit on our current balance of payments.

(Denis Healey, *House of Commons*, 29 March 1977)

It is important, in order to achieve sustainable levels of public finance in the middle long term, to revise our (...) expenditure plans.

(Wouter Bos, *Miljoenennota*, September 2009)

As output-oriented arguments are about governmental duties, they often contain a logic of necessity. When the emphasis of the justification proposition goes to the fact that the government is pursuing the only possible policy option, I classify this as a *TINA* statement. These arguments generally follow considerations about the economic context. Below an example from the Dutch Den Uyl government:

The government is convinced of the necessity to reduce the financing deficit according to this scenario. A stringent budgetary policy is therefore necessary.

(Wim Duisenberg, *Miljoenennota*, September 1976)

This passage serves to justify an important U-turn of the general policy, as the government, in light of adverse economic and financial conditions, needs to revise its expenditure plans and pursue a more stringent budgetary policy. The justification for such a U-turn is thus that there is no other alternative.

The final group of output-oriented justifications contains those about the *international pressures/commitments*. As already mentioned, these arguments justify the budgetary policy according to international developments or authorities. Surprisingly though – and contrary to many theories – for all governments these arguments constitute only a minor part of the justification strategy. Below one example from the Dutch Balkenende IV government:

The budget is less Dutch than it would seem at first sight. The Netherlands are in fact no island. On the contrary, the Netherlands is an open economy with substantial sensitivity to what happens in the rest of the world.

(Wouter Bos, *Miljoenennota*, September 2008)

This passage provides a justification for the budget as a whole, claiming that it is inevitably influenced by developments in the rest of the world. The specific measures contained in the budget, however, are only very rarely justified with such arguments.

The output-justifications are thus mainly centred on economic and financial considerations. As we will see, these considerations often stand in contraposition with the social considerations of the input-oriented arguments. The social policy objectives, in fact, need to be integrated with the country's economic interests and financial possibilities. The integration of these different criteria constitutes the essence of the responsive-responsible dilemma of these Labour governments. In the following chapters I will thus explore how the different government dealt with this dilemma and see whether, as would be predicted by Mair's theory, the 1970s governments feature more social considerations than the contemporary ones. Before proceeding with the analysis, however, in the next section I first describe how I selected my cases, why they are comparable and why patterns found among them would allow for generalization.

2.5- Research design

Mair's hypothesized shift towards responsible government implies that, in a comparable economic and financial situation, for contemporary Labour governments the arguments about

the state of the economy and public finances should play a more prominent role in the justifications for the yearly budgets. For Labour governments from the industrial era, instead, the discourse would be much more characterized by references to the needs of society and the partisan commitment to economic redistribution. To test this hypothesis – which I will refer to as the Mair/Scharpf hypothesis – I therefore engage in a comparative study of the justification arguments between governments from the industrial and post-industrial period. The aim is to make a descriptive inference about how the balance between partisan responsiveness and governmental responsibility has changed over time.

2.5.1 Primary comparison

As the collection and the analysis of the justification arguments requires a considerable amount of qualitative craft, the study presented in this thesis is based on a limited number of cases. The first selection criterion has been to take those countries in which the processes of internationalization and de-industrialization are the most advanced. The logic behind this criterion is that if Mair's arguments is right, it must at least be true for these cases. The second selection criteria was to find cases where the responsive and responsible policy criteria are relatively easily distinguishable. Last but not least, the cases needed to be center-left governments in which the budget was presented on behalf of the government by a Labour member.

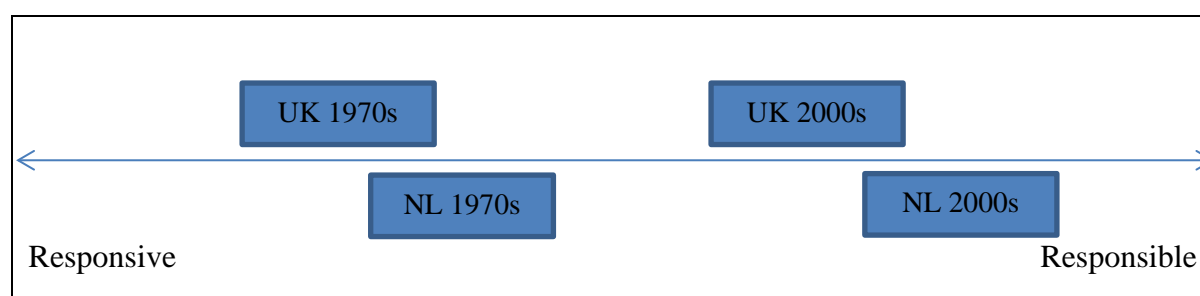
Following these criteria, I selected four center-left governments from the Netherlands and the United Kingdom (UK), all of which faced an economic crisis. In both countries, the processes of internationalization and tertiarization of the economy are highly advanced and both countries are often used as cases for studies about the politics of post-industrial democracies (e.g. Huber & Stephens 2015; Gingrich & Ansell 2015). As matter of fact, both Dutch and British Labour are examples of parties that during the 1990s underwent an ideological transformation in order to 'meet the challenges of a different world' (Kok 1988; Labour Party 1997). Wherever we find a center-left government in office during an economic crisis, moreover, we are well placed to explore the strong tensions between the economic and financial criteria for policy making and high levels of social demand for social security (Schäfer & Streeck 2013; Truchlewski 2016). At the same time, the context of an economic crisis tends to bring forward certain aspects of the political process that in periods of economic wealth may remain hidden (Gourevitch 1986).

The governments I selected for my over-time comparison are as follows: for the Netherlands, the **Den Uyl** (1973–1977) and **Balkenende IV** (2007–2010) cabinets, and for the UK the **Wilson/Callaghan** (1974–1979) and **Brown** (2007–2010) ministries. In all four cases the Labour party was in charge of the public finances, and had an electoral mandate to increase public expenditure while facing strong external pressures to reduce the growth of the public sector. Next to these comparative advantages, however, the case selection features also some minor imperfections. In the Dutch case, for example, the two cases differ significantly in the cabinet-leadership, as the Den Uyl government was led by Labour, whereas Balkenende IV was led by the Christian Democrats. In the British case, in turn, there is a difference in the policy legacy inherited by the two cabinets, as the Wilson/Callaghan government followed a Conservative ministry, whereas Brown followed ten years of Labour government. Despite these over-time differences, however, in both past and contemporary cases the Labour party had a relatively similar mix of opportunities and constraints to pursue its partisan policy goals. In the respective chapters I will spell this out more in detail.

The Dutch and British cases are examples of a proportional and a majoritarian democracy, respectively. Therefore, this case selection also renders it possible to make descriptive inferences about how the responsive–responsible dilemma plays out in two different institutional settings. The overall expectation is that, in a majoritarian system like Britain, governing parties have more room for manoeuvre in being responsive and that, on the contrary, in a consensual democracy like the Netherlands cabinets need to rely more on their institutional legitimacy (Katzenstein 1985). At the same time, however, under majoritarian systems voting tends to be conceived as instrumental – in the sense that voters tend to vote for the ‘better’ governor – and under proportional systems as expressive, meaning voters tend to vote for the better representative (Mair 2014: 583–585). This aspect might alleviate both the partisan character of single-party governments, as well as the responsible character of coalition cabinets. Nonetheless, the overall expectation is that British governments are relatively more responsive than the Dutch.

Disregarding of these national differences, the Mair/Scharpf hypothesis entails that over time the governments of both countries have become relatively more responsible and that consequently output-legitimacy plays a more prominent role for the contemporary cases. Figure 2.1 reports the related expectations on the responsive-responsible scale I developed in Chapter 1 (Figure 1.2).

Figure 2.1: The Cases on the Responsive–Responsible Scale: The Mair/Scharpf Hypothesis



The Brown government is thus expected to be relatively more responsible than the Wilson/Callaghan case and, in parallel, Balkenende IV is expected to be more responsible than the Den Uyl cabinet.

With the over-time comparative analysis of these budget presentations, I explore how the partisanship of the person in charge of the public finances appears when presenting the government's budgetary plans. In both the Netherlands and the UK, budget presentations are salient events and their modalities have not substantially changed overtime. In both cases, thus, I analyze the same speech or text in two different time periods. In both cases the person presenting the budget is the exponent of a partisan government that addresses the whole parliament and, indirectly – through media coverage – the national and international public. With the overtime comparison, it is thus possible to see how the weight of the partisanship of the Chancellor or minister has changed from the industrial world to the post-industrial world.

Following the Mair/Scharpf hypothesis, the expectation is that today the partisanship of the minister/Chancellor matters considerably less than in the past. Translated to the content analysis of justifications, this would mean that a contemporary Chancellor/minister should talk considerably more about economic and financial issues, rather than about the social demands of their electorates. In other words, economic and financial issues should receive much more attention in contemporary budget speeches than in the past.

It must however be considered that the share of justifications referring to either input- or output-oriented criteria may vary due to a variety of other intervening factors. It is for example reasonable to expect that a budget speech that is held in proximity of an election is likely to be more dominated by electoral logics and consequently feature more input-oriented justifications. These intervening factors are essentially the many things that are going on during the democratic process and it is practically impossible to control for them all. One of

the implications of the Mair/Scharpf argument, however, is that the constraining effect of globalization should outclass all other factors at play during the democratic process. Consequently, when selecting governments with relatively balanced set of incentives to be act responsively and responsibly, the overtime effect of globalization on the share of input- and output-justifications should become visible.

In short, the hypothesis that can be developed on the basis of the Mair/Scharpf argument is that – disregarding of the different factors that have historically always been at work in the democratic circle – the impact of globalization on the functioning of national democracies becomes visible through the share of attention that contemporary governments give to economic and financial considerations. I test this hypothesis with a content analysis of the justifications that are directly linked to government’s budgetary decisions.

2.5.2 Two side-comparisons

An aspect to be taken in consideration for this study, however, is that in the literature little is known about how governments justify policies, and in particular about how they justify in terms of their partisan and governmental commitments. Consequently, various aspects of the discourse may be interpreted in different ways. In order build up to a deeper interpretation of my findings, therefore, I also analyzed the justifications of a typical right-wing government and a typical technocratic government. Besides helping to create a better picture about what constitutes a typical governmental discourse, these two benchmark cases are also functional to see whether the over-time differences I observe in my Labour cases can be interpreted as a convergence towards neo-liberal positions and a shift towards a technocratic way of governing. In other words, they serve to get a better perspective of what constitutes a typical Labour justification discourse and how this is different from another type of discourse. The two extra cases are the respectively the Thatcher and the Monti governments.

The recent Italian Monti government comes very close to Sartori’s (1976) definition of responsible government, namely an executive that does not respond beyond its technical responsibilities. Being a case of ‘unmediated democracy’ (Culpepper 2014), it can actually be considered an extreme case of responsible government – and thus be placed on the right extreme of Figure 2.1 – as it was composed of solely technical experts that had no partisan affiliation (McDonnel & Valbruzzi 2014: 664). Moreover, it was appointed with the task of

introducing large budgetary cuts, and therefore it is interesting to see how social considerations fit within such duties. Due to the short period it stayed in office, however, there is only one speech that is comparable with the budget presentations of the other governments. This is the presentation of the *Salva Italia* decree held in front of the parliament on 5 and 13 December 2011.

The Thatcher government is a benchmark case of a neo-liberal government that entered office with the determination to severely retrench the public sector in favour of more private initiative and enterprise. Its input-justifications are therefore substantially different from those of my Labour cases. In Chapter 5 I will go into this in more detail. The intriguing aspect to explore in the justifications of this government is to see whether and to what extent social need plays a role in the discourse. Due to its strong ideology, the expectation is that it doesn't. As I will show, however, this is not the case and in Chapter 5 I will put these justifications in comparative perspective with the input-justifications of my Labour cases. This comparison will set the basis for the argument I will develop in Chapter 6. The budget speeches I analyze are those held between 1979 and 1984. During these first five years of office, the Conservative government had to first face some constraints, but from 1981 it pursued a determined policy in favour of the private sector. The social considerations, however, as I will show, are present in all budget speeches.

The thesis is structured as follows. Chapters 3 and 4 feature the main over-time comparisons, dealing respectively with the British and Dutch cases. In Chapter 5 I will problematize some of the findings from these chapters with the above described side-comparison. In the Chapter 6, in turn, I will put all the cases in comparative perspective and provide new insights about the dynamics of the different discourses. In particular, I will highlight the contemporary Labour governments feature remarkable similarities with Monti when talking about the interconnection between economic growth, fiscal rigour and social equity. The thesis will end with a discussion about how my findings speak to the two sides of the debate and offer a new synthesis, as well as a reflection of the pro and cons of the method used.

Chapter 3

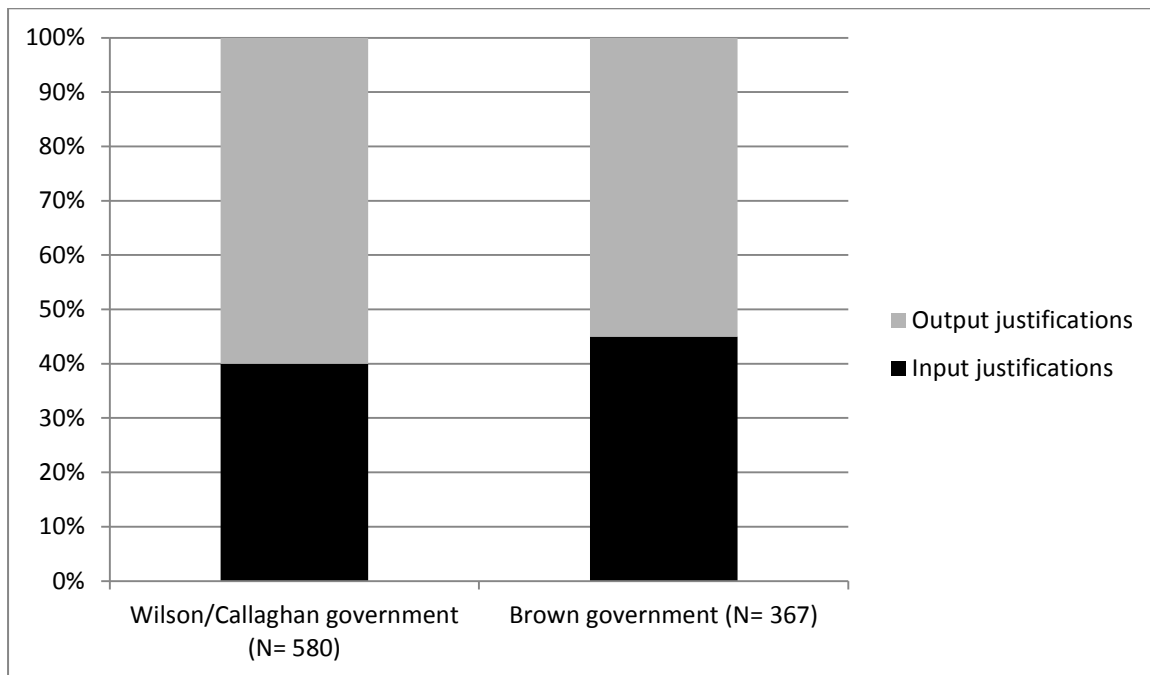
The British case

In this chapter I illustrate how, during their term in office, the two British Labour governments of my case selection justified the measures they introduced with their annual budget speeches. My analysis will show how in the different budget speeches the justifications for the different budgetary measures respond, on the one hand, to the ideological commitment to compensate for the negative social effects of the economic downturn *vs*, on the other, the extent to which they follow ‘responsible’ economic and financial considerations.

The justifications I gather come from the budget speeches held by the Chancellor of the Exchequer in the House of Commons. These speeches are given once a year between March and April. When giving the speech, the Chancellor essentially reads a long, written text that has generally been agreed in advance by the cabinet. The speech is followed up by a parliamentary debate. In my analysis, however, I look only at the justifications contained in the speech, as that is only piece of text that has the comparative advantages mentioned in the previous chapter. This formal speech, in fact, is an institutional recurrence that maintains the relationship between government and audience relatively constant. The justifications contained in answers to parliamentary questions, instead, may be influenced by the nature of the question or other intervening factors. For this reason I exclude them from the analysis.

From the two cases I collected, respectively, 580 (Wilson/Callaghan) and 367 (Brown) justifications. I can already anticipate that, contrary to the Mair/Scharpf hypothesis, there is no significant numerical difference across time in the balance between input- and output-oriented justifications. Even more surprisingly, for the Brown government, compared to the Wilson/Callaghan case, the balance seems to be slightly more in favour of input-legitimacy. Figure 3.1 illustrates the general distribution of input *vs* output-justifications of the two governments.

Figure 3.1: The General Distribution of Justifications



The columns represent the total justifications I gathered for each case, and the darker part represents the proportion of input-oriented arguments. As can be seen, the Brown government features around five per cent more input and five per cent less output-justifications than the Wilson-Callaghan government.

While it is true that this difference is too small to allow for any descriptive inference about how contemporary governments deal with the responsive-responsible dilemma, it can certainly be considered as evidence that counters the claim that, in a globalized world economy, governments cannot justify their policies according to their partisan preferences. This data clearly indicates that, in the contemporary world, a Labour government, when it justifies its management of the public finances, can still give considerable weight to its partisan political preferences *vs* its institutional commitments as caretaker of the public good. In what follows, I will illustrate that these data do not merely report ‘cheap talk’, but that the justification arguments I collected reflect for a considerable extent the government’s decisions to spend *vs* the pressures to retrench. At the same time, however, I also encountered considerable differences in how the two governments combine representation and government differently. These will become apparent with the examples that I present.

The first two sections of the chapter are dedicated respectively to the Wilson/Callaghan and the Brown government. In both sections I start by illustrating a bit more in detail the responsive-responsible dilemma the Labour party was facing before and during the term of office, giving also an overview of the actual policies pursued by the government and the related economic/financial context. Subsequently, I proceed by illustrating how the balance between input- and output-justifications developed during the term of office. I conclude each section by showing how input-oriented justifications are more associated with expansive policies, whereas general and restrictive policies are mostly justified with output-oriented arguments.

Throughout these two sections it will gradually emerge that the two governments have a slight but remarkable difference in the way with which they combine and alternate input- and output-justifications. In the Wilson/Callaghan case, in fact, output-justifications appear as the inevitable arguments for previous ‘excesses’ of responsiveness and, in turn, input-justifications seem to compensate for the wide use of responsible arguments. In the Brown case, instead, the input- and output-criteria for decision-making are presented as mutually reinforcing.

The third and final section of the chapter explores this difference further by looking more deeply into the content of the justifications. In particular, I will illustrate how the content of input-justifications has substantially changed over time. The output-justifications, instead, feature only some minor changes. However, together with the change found for input-justifications, these minor differences may be corroborating the idea that an important change has indeed taken place in how Labour governments perceive what they are expected to do when in government. Therefore, I conclude the chapter with some considerations which I will pick up again in Chapter 6 wherein I look at all cases in comparative perspective.

3.1 The Wilson/Callaghan government: Compensating *input* with *output*, and vice-versa

3.1.1 The responsive-responsible dilemma

The Wilson/Callaghan government is a wonderful case for illustrating how the partisan character of governments may stand in direct contrast with the pressures of powerful

external actors (Harmon 1997: 1). Labour's 1974–1979 term in office was in fact characterized by the sharp contrast between a radical electoral mandate to redistribute the nation's wealth in favour of the poor, on the one hand, and international pressures – in particular from the IMF – to contain government's expenditure, on the other. These difficulties, moreover, had to be faced in an economic context of rising inflation and unemployment, and with a relatively weak parliamentary majority.

The general election of February 1974 produced a hung parliament and minority government. While the Conservative party had won the larger share of the vote, Labour won more seats – 301 to the Conservatives' 297 – but nevertheless fell 17 seats short of a majority. Thus, in October of the same year new elections were held. The vote share of the Labour party grew only by two per cent but this was enough to give it a small but clear parliamentary majority. This majority was lost in 1977 because of losses in by-elections. This induced Labour to make a parliamentary alliance with the Liberal party. In the meantime, inflation was continuously rising, the economy was growing at a very low rate and unemployment reached the 'then politically unthinkable level of 5%' (Allsop 1991: 19). At the same time, the party-base continued demanding the cabinet adhere to its electoral mandate. The responsive–responsible dilemma, consequently, was almost tangibly present throughout this period of office.

Labour entered office with Harold Wilson as Prime Minister and Denis Healey as Chancellor of the Exchequer. The electoral manifesto of the party promised full employment and a general improvement in living standards. It was characterized by the pledge to massively redistribute wealth and income in order to help the poor and weaker parts of society, such as the low paid, families in poverty, pensioners and the disabled. In the manifesto, moreover, the economic crisis was presented as a circumstance that should strengthen rather than weaken this commitment:

The graver our economic situation the more important it will be to protect the poorer members of the community – such as the pensioners – by a drastic re distribution of wealth and income

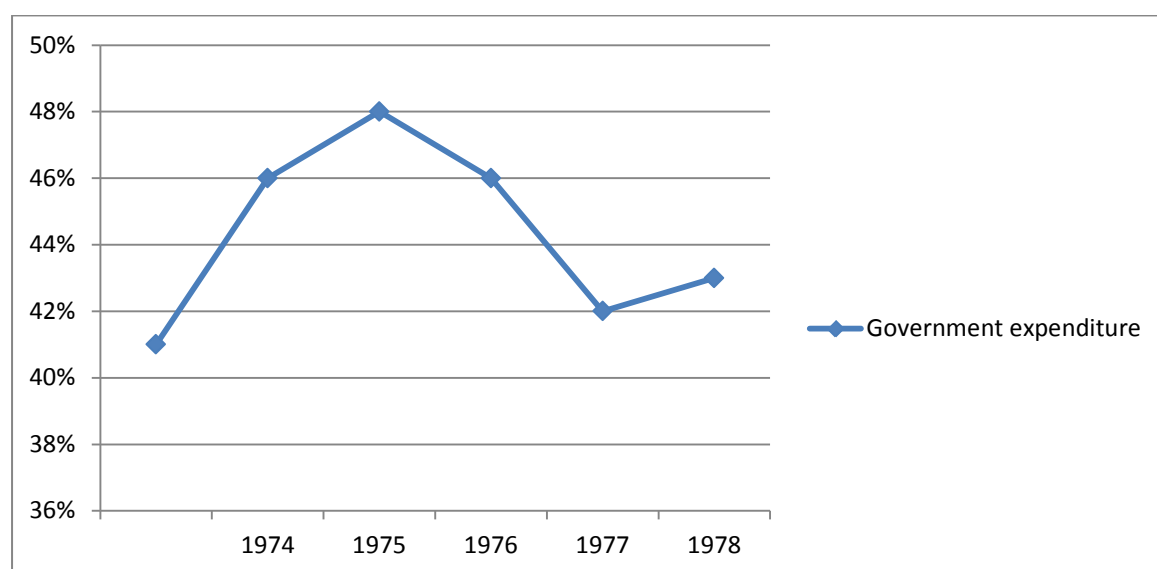
(Labour Party, *General Election Manifesto*, 1974).

The pledges contained in the manifesto implied a massive increase in public expenditure, which actually took place in the first year in office.

The budget presented in March 1974 can in many ways be considered as a continuation of the electoral campaign, as it was an opportunity for the party to show voters how it would act in government, with the prospect of a second election in the following months. In the budget speech, Denis Healey announced substantial increases in pensions and a program of subsidies on the cost of food. These popular measures undoubtedly helped the party to gain the necessary increase in vote share for the October elections (Denver & Garnett 2014: 53). The Labour party thus stayed in office until the beginning of 1979 and introduced a further four annual budgets. Denis Healey remained Labour Chancellor throughout the whole term, while prime-minister Harold Wilson got replaced in March 1976 by James Callaghan due to health reasons.

The increases in expenditure introduced in March 1974, however, started quickly to put a lot of burden on public finances, requiring the government to borrow big amounts of money and resulting in a substantial increase of public debt. Consequently, while the electoral commitment determined the government's policy during the first year of office, from 1975 onwards the pressures regarding public finances started to increasingly set the tone of budgetary policy-making (Harmon 1997). The increasing strain on public finances forced the government to make efforts to cut public expenditure, and these started to take effect from the third year in office. Figure 3.2 shows how public expenditure, measured as a percentage of GDP, evolved during the term of office.

Figure 3.2: Total Spending of the Wilson/Callaghan Government (% of GDP)



Source: ukpublicspending.co.uk

By looking at the graph we can see how, when the Labour party entered government, there was a five per cent increase in British public expenditure. These high levels of expenditure were maintained until the end of the second year in office, but were substantially reduced in the second part of the office-term. In the last year there is again a small increase which, I will argue later, might be interpreted as a strategic electoral attempt to gain back votes and the confidence of the party.

After the initial expansive policy attitude, the reduction of the deficits in the balance of payments became one of the major concerns of the ministry. The difficulties in dealing with the issue became apparent when Denis Healey started seeking help from the IMF. The negotiations started in 1975 and in autumn 1976 a deal was reached for a loan to cover the government's short-term expenses (*The National Archives* 1976). The conditions attached to this loan, however, were commitments to substantially reduce the deficit in the balance of payments. In the second part of its term of office, thus, the Labour government not only had to deal with increasing deficits, but also had the institutional commitment to reduce these.

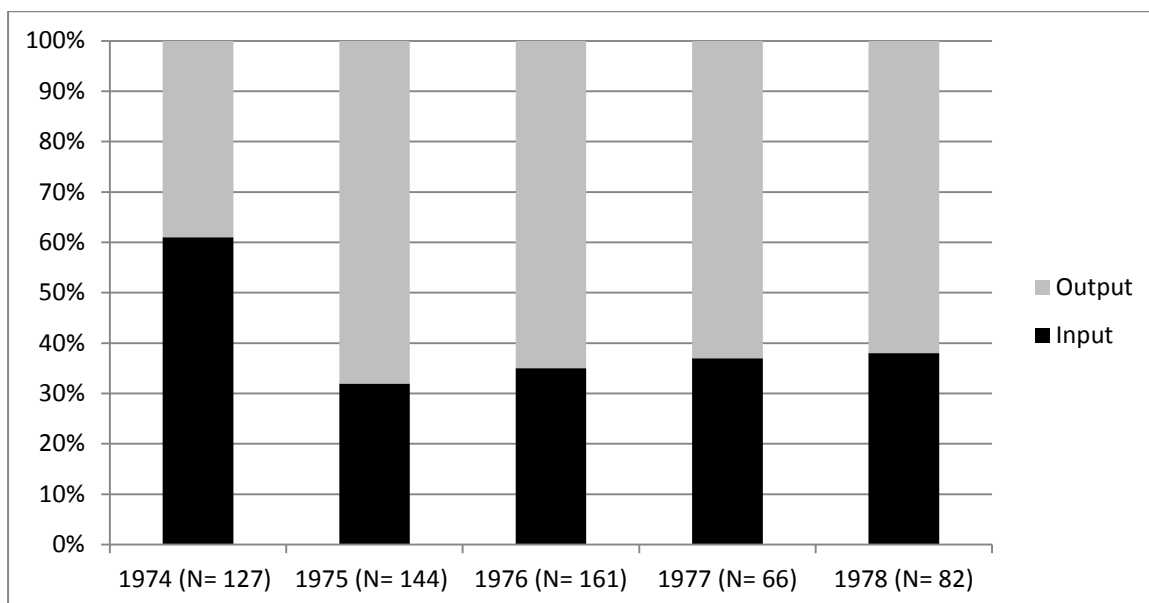
At the same time, the party conference was accusing the government of not being sufficiently 'socialist' (Denver & Garnett 2014: 59) and the party's chief administrative body – the National Executive Committee (NEC) – was demanding the government adhere to the electoral pledges and therefore increase public spending. To these accusations, Prime Minister Callaghan responded that it was no longer possible 'spend your way out of a recession' because it would only have the effect of worsening inflation and unemployment (Callaghan 1976).

In the last two years of office, thus, the government found itself trapped in a tension between the party's ambitions, on the one hand, and the harsh reality of the country's economic and financial difficulties, on the other. In other words, it was trapped between the party's wish for expansive policies and the need of public finances for restrictive policies. This tension, moreover, had to be faced when the government lost the majority in parliament and had to do a pact with the Liberals. In the next sections, I illustrate how the tension not only had a strong influence on the government's policy course, but that it is also strongly reflected in the justifications the Chancellor provides for the measures contained in the annual budgets.

3.1.2 Justifications during the term in office

In parallel to the context of a radical electoral mandate vs a difficult economic situation, there are two main events that characterize the term of office of the Wilson/Callaghan government. The first of these events is the election of February 1974, which Labour won by a very narrow margin, thereby forcing a new election in October 1974. Because of this, the budget presented in March 1974 was always likely to be dominated by electoral logics, as it was an occasion for Labour to show to the electorate what kind of policy to expect if they remained in office. The second event is the IMF Crisis of 1976 and the related public deficit problems the government was facing before and after the loan agreement. The negotiations with the IMF in fact started already in 1975, and the gap in the balance of payments had become a major concern already in the second budget, and remained so until the end of the term of office. Figure 3.3 illustrates the balance between input- and output-oriented justifications evolves around these two events during the term of office.

Figure 3.3: Wilson/Callaghan – Justifications (1974–1978)



The height of the columns stands for the total number of justifying propositions I collected for each budget speech. The columns are colored black and grey according to the percentage of respectively input- and output-justifications. As can be seen, and as I have already anticipated a little in the discussion, the first budget speech is dominated by input-oriented justifications, whereas from the second one onwards the Chancellor talks a lot more about the economy and public finances. In the figure, the first budget speech appears to be almost an outlier and can be seen as a confirmation of the intuition that input-justifications are largely driven by electoral logics. In fact, the speech starts with the following claim:

*The Government have been in office for barely three weeks. In those three weeks, I have had to **translate the policy on which we fought the General Election into firm decisions** on public expenditure, on taxation, on the balance of payments and on inflation.*

(Denis Healey, *House of Commons*, 26 March 1974)

With this argument, the Chancellor introduces the executive as a partisan government that will implement its partisan policies. The reference to the election campaign is about the redistribution of wealth and therefore I classified it as an input-oriented argument. After underlying the Chancellor's institutional commitment towards the maintenance of a certain balance between revenues and expenditures, the 1974 budget speech continued by introducing the government's four principles for its budgetary policy: to make full use of manpower and resources, improve the balance of payments, restore people's confidence in money and recreate a sense of national unity. These principles speak thus on the one hand to the commitments towards economic performance and public finances (first two principles), and on the other to the commitments towards the needs of society in general. These needs of society are later translated into the policy goal of establishing the social contract, which consists mainly in redistributing the nation's wealth in favour of the poorer parts of society. Consequently, one of the most characterizing passages of the 1974 budget speech is the following one:

*...my Budget is also concerned with the deliberate and carefully considered **redistribution of fiscal burdens so as to help those less able to bear them and place them on the shoulders of the better off.** I believe that this Budget must help **restore that sense of national unity** which has been so lacking in the past few years. It must*

*be an essential instrument in **establishing that social contract** on which the solution of all our problems must depend. My right hon. Friends and I made it clear in the last election that (...) we would concentrate our immediate efforts in the three fields of the greatest and most urgent importance to the mass of the British people—**pensions, food and housing.***

(Denis Healey, *House of Commons*, 26 March 1974)

With this argument, the Chancellor explained how by establishing the social contract the government would pursue national unity and how, despite the economic financial difficulties, the cabinet's efforts are directed at meeting the needs of the less well off mass of British people by increasing expenditure on pensions, food and housing. The highlighted parts of the passage are the propositions that I counted as input-oriented.

The budget speech continues by introducing and illustrating the measures by which the government intended to implement this redistribution from the wealthy to the poorer parts of society. Consequently, the justifications for these measures are again mainly input-oriented, as they are almost all about increasing the benefits for certain social categories and pursuing social justice, like for example in the following passage:

*the Government consider that a **substantial improvement in pensioners' standards** is an essential condition of **securing greater social justice**. The improvement in pensions is long overdue. There is no better way of **making a major impact on the problem of poverty** in our society than by **helping that section of our people which contains by far the largest proportion of the poor**. Our first priority is, therefore, to (...) increase the standard rates of pensions to £10 for a single person and £16 for a married couple.*

(Denis Healey, *House of Commons*, 26 March 1974)

The emphasis of the argument for increasing social expenditures was thus clearly on the reduction of poverty and helping those sections of society in need. Most of the measures introduced to establish the social contract were expansive measures, such as the increase of tax allowances and relief. The budget however also contained an increase in taxation – a wealth tax – which was still fully in line with Labour's electoral pledges. This measure was

in fact justified with the input-oriented argument about the electoral commitment towards a major redistribution of income.

Output-legitimacy, as I have already anticipated, starts playing a much bigger role from the second budget onwards. In the first budget, it is limited to references to feasibility of the proposed policies in the economic/financial context and how with certain measures, such as indirect taxation, the government would attempt to cover its expenditure proposals. In the budget speech of April 1975, in fact, there was an initial effort to present the expansive measures of the previous year considering the beneficial effect they had on the economy (and society) in general. Then, after having reminded the audience about how with the measures of the previous year the government honored its side of the social contract, the Chancellor continued by outlining how with the new budget he intended to reduce the account deficits and eliminate the structural problems of the economy:

Against the setting which I outlined at the beginning of my speech. I must seek to strike a new sort of balance between the tactical needs of the immediate future and a strategic attack on the long-term structural problems of our economy.

My intention in this Budget is to establish a strategy which will enable us to achieve a very substantial improvement in our current account deficit in the next two years and to eliminate the deficit entirely as rapidly as possible thereafter.

(Denis Healey, *House of Commons*, 15 April 1975)

In the first of the two passages, the Chancellor refers to how the economic and financial setting of the country had been influential in shaping the new policy proposals. The ‘tactical needs’ refer to the balance of payments, which it was argued had to be tackled with the same focus as the country’s economic problems. The second passage is an example of the Chancellor’s concerns with the public deficits.

The speech continued with the claim that, despite maintaining social priorities, the cuts in public expenditure were inevitable. The measures proposed by the Chancellor consist in the introduction of spending cuts amounting to £900 million and increases in both direct and indirect taxes. These measures were of course mainly justified with output-oriented

arguments, with some occasional input-oriented claims through which the Chancellor reminded the audience that the government, despite restrictive measures, was trying to maintain a policy that would still be progressive. The increases in Value Added Tax (VAT), for example, were justified with the claim that they mainly regard luxury goods that are consumed mostly by the wealthier parts of society.

The 1976 budget was presented as the most crucial of the legislature. The budget, in fact, was presented shortly after an agreement with the trade unions about pay policy and an agreement within the cabinet about spending cuts. The budget also introduced some expansive policies, like a halving of the VAT and a rise in pensions, but these measures were presented as an exchange with the trade unions for agreement on limits to pay rises. The 1976 budget is intriguing because it is very much about trade-offs between, on the one hand, giving in to the increasing pressures on public finances and need for economic growth, and, on the other, maintaining Labour's social priorities and producing a progressive tax policy. In this trade-off, however, the government often tended to have an ambiguous attitude:

*[M]y Budget will have two overriding objectives, both concerned with the essential improvement in our industrial performance: first, to create the conditions in which output and productivity are most likely to increase; and, second, to create the conditions in which wage costs can be kept as low as possible without unnecessarily reducing the **real value of the workers' take-home pay***

(Denis Healey, *House of Commons*, 6 April 1976)

This passage is representative of the general justification strategy of the 1976 budget, wherein the government emphasized that it was committed to do whatever necessary to improve the country's economic performance, but at the same time it sets a limit beyond which it does not want to go, namely to excessively damage the life conditions of workers. For example, after introducing some policies aimed at helping industrial performance – justified with output-oriented arguments – the Chancellor talked about those measures with which the government would try to compensate for the restrictive pay policy. These measures, consisting mainly of income tax relief and special allowances, were justified as compensation transferred from the government to working-class people:

*Within the severe constraints imposed by our economic circumstances I have tried to ensure that such **help as can be provided should go to those, such as pensioners and families with children, who need it most.** My proposals are also designed to **ensure that the majority of working people will be better off with a low pay limit than without it.***

(Denis Healey, *House of Commons*, 6 April 1976)

With this passage the Chancellor told the audience that the government, in the given circumstances, was doing all it could to assist working people. But more importantly, with these kind of arguments, it tried to make the working class accept the pay-limit policy, which was mainly designed to fight inflation.

The 1977 budget speech starts with a set of justifications for the measures introduced in December 1976, presenting them as a result of the negotiations with the IMF. The argument is fully output-oriented, as it refers to how those measures helped to restore financial stability. Subsequently, the new budget was presented as a reinforcement of those measures and therefore features mainly output-oriented justifications, referring mainly to economic performance and in some cases also to international competitiveness. The following passage justifies measures taken with regards to personal taxation:

These, then, are my proposals. They constitute a significant first step in reducing the burden of direct personal taxation. At this time, I believe that this is the most effective way the Budget can contribute to the attack on inflation and the improvement of our industrial performance, on both of which our economic recovery depends.

(Denis Healey, *House of Commons*, 29 March 1977)

The taxation policy was mainly presented as part of industrial strategy and aimed at stimulating the economic recovery. Only when discussing more specific details, did the Chancellor talk about the government's efforts to avoid the burden falling on the poorest members of society. The budget therefore also contained some measures – like specific income tax relief or increases of personal allowances – that were justified with input-oriented arguments.

The 1978 and last budget speech of Chancellor Healey started with a justification for the general action of the Labour government during the term of office. As I will show in an example in the Subsection 3.1.3, the justification is fully output-oriented, with references to how the cabinet managed to get the public finances back into balance and to how it laid the foundations for economic recovery. This focus on output-legitimacy, however, changes radically when the Chancellor introduces the government's plans for increases in public expenditure. The run-up to this announcement features an interesting argument:

*I recognise, too, that if the Budget measures are to **generate the support of working people** for the nation's economic objectives they must also contribute directly towards the **relief of poverty**, to the **fight against unemployment**, to the **improvement of our social services** and to the achievement of a **more compassionate and fair society**. The measures I am about to describe are designed specifically to achieve these objectives.*

(Denis Healey, *House of Commons*, 11 April 1978)

To achieve the national economic objectives the government thus tried to win back the support of its voting base. It tried to do so with expansive measures that aimed at achieving a 'more compassionate and fair society'. These measures consisted to a significant extent in social spending, directed on the one hand towards pension and child benefit increases and, on the other, to education and health services. The former were justified with input-oriented arguments about specific social needs and the latter were still justified with input-oriented arguments but about society in general.

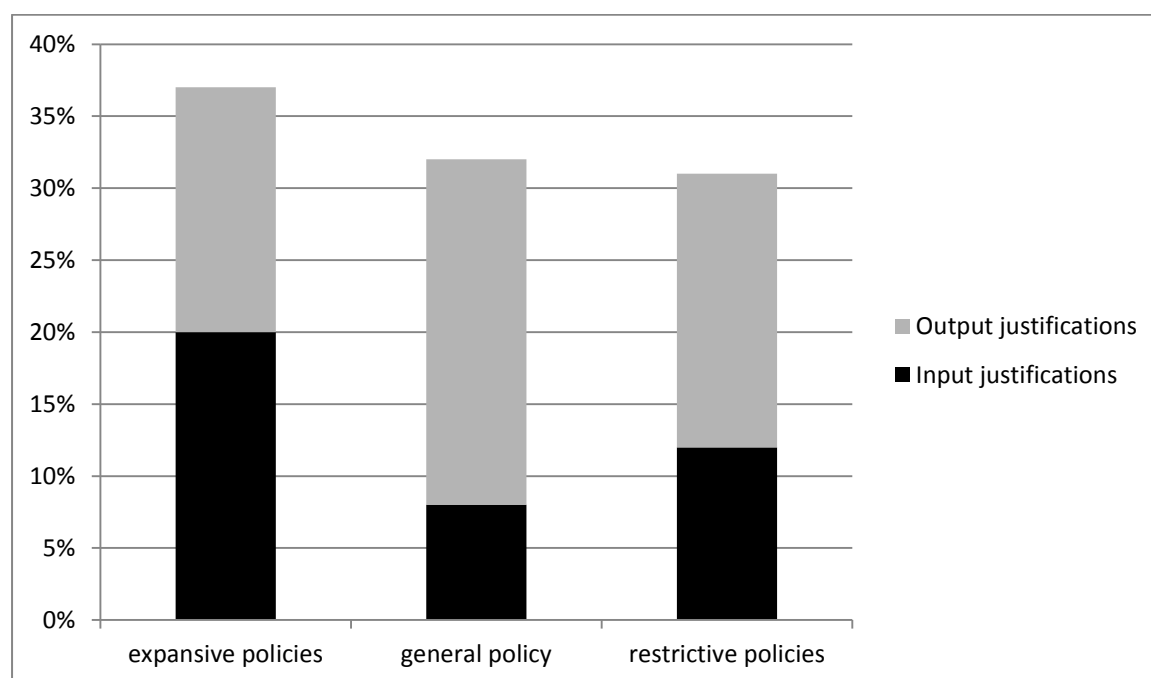
The evolution of the balance between input- and output-justifications runs to a large extent parallel to the spending and retrenchment policies of the government. In the next subsection I will illustrate this association a bit further.

3.1.3 The relation between policies and justifications

The graph below reports the justifications of the Wilson/Callaghan government, divided, next to the input-output classification, according to the type of policy they refer to. The aggregation of all the percentages indicated by each column adds up to 100 per cent, which represents the total amount of justifications that I collected for the Wilson/Callaghan

government. The columns are divided in a black and grey part, representing respectively the share of input- and output-justifications.

Figure 3.4: Wilson/Callaghan - Justifications per Policy Type⁶



As already anticipated, input-oriented arguments were mainly adopted to justify expansive policies. This is of course not so surprising. The election manifestos of Labour parties generally contain spending commitments, and therefore when a Labour government spends it generally refers to its social and redistributive policy goals. These social expenditures must however also be justified in terms of how they fall into the given economic context and according to the extent the state of public finances allows for such expenditures. Therefore, the partisan justification for expansive policies are often also accompanied by references to economic and/or financial context. Below an example of a justification argument for an increase in spending on pensions, food subsidies and housing:

*The increases in expenditure on pensions, food and housing will (...) make a significant **contribution to one side of the social contract** (...) They will go some way to **protect the standards of living of ordinary families**, giving particular **help to retirement pensioners**, those with **large and growing families**, **tenants in local***

⁶ Total N= 580

authority and private accommodation, and all those sections of the community who are less well placed to protect themselves.

(Denis Healey, *House of Commons*, 26 March 1974)

The passage is fully input-oriented and it informs the audience about how the increase of expenditure is expected to meet Labour's commitments regarding the social contract, which involves the protection of the living standards of ordinary families and the provision of assistance to the more vulnerable parts of society, such as pensioners and tenants in local authority and private accommodation.

The output justifications referring to expansive measures generally consist in how injections of public money are an adequate stimulus and therefore will increase the country's economic performance. At the same time, output-justifications were also used to reassure the audience that the decisions regarding expenses would be taken without losing sight of the country's financial situation. The following passage, for example, justifies a scheme for selective assistance to companies:

[W]e intend to make full use of the powers of selective assistance under the Industry Act to prime the pump for 292 viable investment projects. (...) I have decided that, to help in building up our productive capacity in ways that will assist the balance of payments, special assistance will be provided to encourage selected schemes of this kind to go ahead.

(Denis Healey, *House of Commons*, 15 April 1975)

The investments are thus aimed at improving the country's industrial productivity. A curious fact emerging from the justifications – for the comparison with contemporary Labour – that these schemes consist for the most part in training programs.

The general action of the government is for the greatest part justified with references to how the cabinet intends to deal with the balance of payments and to the economy being affected by inflation and unemployment. The following passage, for example, is taken from the last budget speech of the term in office and justifies the general policy pursued by the cabinet during the previous four years:

Four years of painful and difficult decisions have now got the economy into much better balance. Our current account has moved into surplus. Our financial position has been transformed. The year-on-year rate of inflation is well into single figures and still falling.

Denis Healey, *House of Commons*, 11 April 1978

This justification, fully output-oriented, indicates that the government wanted its overall action to be positively received primarily based on how it improved the situation of the balance of payments and how it managed to contain the damaging effects of the economic crisis.

The restrictive measures – except those that tax the wealthy – instead went generally against the electoral pledges of the party. Therefore, they are also the most difficult to justify and therefore generally TINA-type of arguments were adopted, which go hand-in-hand with arguments referring to the balance of payments, the economic context and external pressures. Here is an example:

I cannot afford to increase demand further today when 5p in every £ we spend at home has been provided by our creditors abroad and inflation is running at its current rate. I do not believe anyone in Britain would thank me for producing an even larger deficit on our balance of payments and injecting a further massive dose of inflation through price and wage increases. Moreover, a Rake's Progress of this nature could not last for long. The patience of our creditors would soon be exhausted.

Denis Healey, *House of Commons*, 15 April 1975

With this passage the Chancellor stated that the government has reached its spending limits and that it cannot increase them further. On the contrary, it must adopt measures that will prevent an even further growth of the balance of payments and to avoid as much as possible further borrowing. What was at stake was the institutional credibility of the government towards (foreign) creditors. Restrictive measures were therefore the only possible policy option.

When pursuing restrictive measures, however, the government tried to partially adhere to its redistributive commitments by laying the weight of the costs of retrenchment on the shoulders of the wealthy. These aspects of the policies aimed at restoring financial sustainability were justified with input-oriented arguments. For example, the increase in VAT that was introduced in the second budget, is justified with the argument that it would be mainly harmful for the most well off and that the effects for the poorest would be minimal:

It is therefore inevitable that the higher rate has also to cover some goods which are used in most homes. However, I have concentrated on the less essential items, so that the better off, who buy more of these goods—particularly of the expensive kinds—will bear a larger share of the tax burden.

(Denis Healey, *House of Commons*, 15 April 1975)

This passage is a good example of the interplay between external constraints and the political will of the government. The inevitability of restrictive measures is mentioned first, and the justification focuses on how the burden will be placed more on certain social categories rather than others. The main emphasis of the justifications referring to restrictive measures, however, remained output-oriented.

In sum, when the government talked about how it would spend and cut, the tension between the demands for responsiveness and the demands for responsibility became clearly visible. When it spent, the Labour government extensively illustrated how the budgetary measures reflected its political preferences, but at the same time its need to explain how its expansionary measures would fall into the economic and financial context. When the government saved money or tried to increase revenues instead, its justifications were mainly about reducing the public deficit and restoring the confidence of creditors. When talking about its general policy, the government profiled itself clearly as an institutional actor whose main responsibility was to preserve a healthy state of public finances, to provide the appropriate responses to economic challenges and to pursue economic growth.

3.2 The Brown government: Mutually reinforcing *input* with *output*

The Brown case, in contrast to the Wilson/Callaghan government, did not feature a budget speech that came directly after a general election. However, as I will argue in this section, throughout its term in office the cabinet received different pressures from the party-base to give its policy a clear partisan character. These partisan demands, however, were much more diverse and contradictory than was the case in the 1970s. One of the internal party conflicts for example was about the desire to reunite Old Labour with New Labour *vs* the pressures to stick to the New Labour approach and agenda. In other words, in 2007 there was widespread disagreement within the party about how to be responsive to the party-voters (Giddens 2007; Lee & Stanley 2006). Regarding external pressures and constraints, just as the Wilson/Callaghan government had, the Brown government also faced an economic and financial crisis. The difference is that for the Brown government these external pressures came from a much more globalized world than was the case in the 1970s. In this (and the subsequent) section I outline how, given the changes in voters' demands and external pressures, the government accounted for the policies it produced. Before doing that, however, I provide a sketch of what the responsive–responsible dilemma in the Brown case looks like, and a brief overview of the government's expenditure policy.

3.2.1. *The responsive–responsible dilemma*

The premiership of Gordon Brown started in June 2007, when he replaced Tony Blair as party leader and therefore as Prime Minister. Alistair Darling became the Chancellor of the Exchequer at the same time. In September of that same year the cabinet was immediately confronted with speculation about whether the Prime Minister would call a snap general election. The polls, in fact, showed that – even though the consensus was in decline – Labour still seemed to be ahead of the Conservatives, and therefore a snap election would have been an opportunity to win again and therefore to secure Labour government until 2012. After a period of hesitation, on 6 October 2007 Brown declared there would be no election, a decision that would later be seen as one of his main political mistakes (*BBC News* 2010). Labour, in fact, was in its third consecutive term of office, as it had won elections in 1997, 2001 and 2005. With the transformation of the mid 1990s into 'New Labour', the party had

managed to win a large share of middle class voters, which helped it to achieve these three consecutive election victories.

These victories, however, were achieved with a steadily declining majority. The triumph of 1997 (a vote percentage of 43 per cent) was followed in 2001 and 2005 with vote shares of 41 and 35 per cent, respectively. Also when Brown took office in 2007, the preferences for the Labour party seemed to be in decline (Denver & Garnett 2014). The slight but steady decline is of course attributable to the vagaries of having been in office for so long. At the same time, however, and especially within the Labour party itself, the transformation into New Labour with its appeal to ‘middle England’ was criticized for taking the support of working-class voters for granted (Denver & Garnett 2014: 183). What is certain is that in the 2000s the voter base of the Labour party was sociologically more variegated than in the 1970s. This different electoral base was not only the result of New Labour’s appeal to middle England, but also of the socio-economic developments that had taken place between the 1980s and 2000s.

Born as the parliamentary wing of the labour movement, until the end of 1970s Labour was the party of the industrial workforce, with strong ties to the trade unions and a socialist ideology. From the 1980s the party underwent a social-democratic transformation (Merkel *et al* 2008) and in 1994 it changed its name to New Labour. The party adopted the so-called ‘Third Way’ ideology as a means to combine redistributive goals with free-market mechanisms (Giddens 2001). This mutation went paralleled changes within the global and national economy and within society. In the international economy, since the 1980s neo-liberalism had become the new paradigm in many policy areas and it heralded a sharp increase in growth in international trade volumes, which lasted throughout the 1990s and 2000s. Besides that, the service and financial sectors started gaining increasing importance, to the extent that by the 2000s the service sector had come to represent more than 70 per cent of the British economy and London had become one of the world’s leading financial centres (Office of National Statistics 2013; Boix 2015)

These changes in the economy were linked to changes in society. As the service sector came to replace to a large extent the industrial sectors, the occupational structure shifted from one largely constituted by manufacturing employees to one predominantly constituted by employees in education, health care, social work, finance, communication and other types of services (Oesch 2015). The shrinking of the traditional working class and the

growth of the more diversified high-skilled professions induced Labour to adopt a more 'catch all' strategy and therefore to broaden its electoral base to the middle class. The extent to which this shift towards the political centre is related to the gradual loss of support that was taking place during the 2000s, is surely disputable. However, this consideration was also taking place within the party, especially at the moment when Brown took office (Giddens 2007; Lee & Stanley 2006; *Labour Party* 2005).

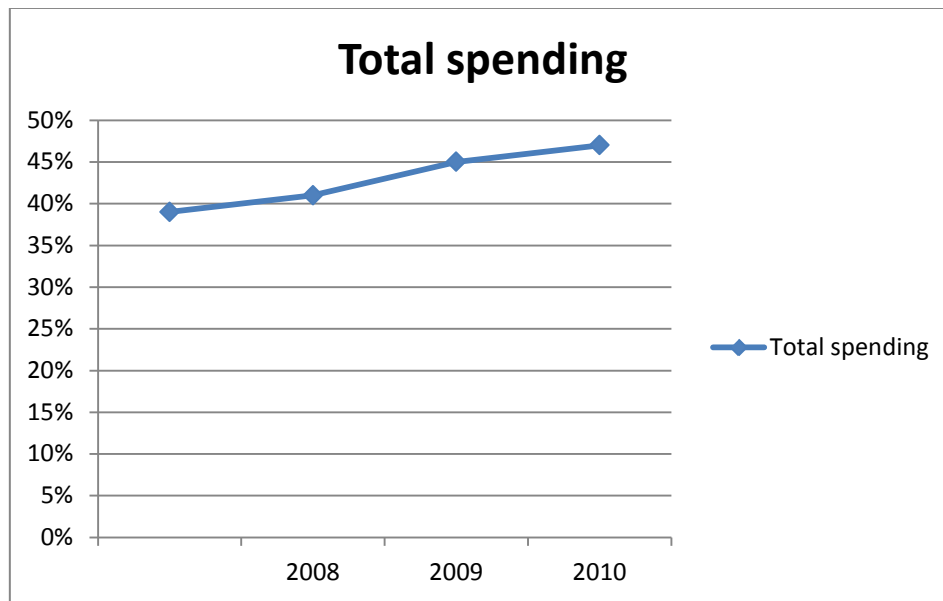
When introducing the cabinet's first budget speech on 12 March 2008, the financial crisis had not yet fully broken out. However, the UK had already felt the first symptoms in 2007, when Northern Rock (a bank) started facing severe problems in the credit market, a situation which eventually led to nationalization in February 2008. Despite these symptoms, however, in the 2008 budget the government continued Labour's gradual but steady increase in public spending. Between 2001 and 2008, in fact, total spending (measured as a percentage of GDP) grew from 35.8 to 40.6. In 2008, Darling announced a continuation of this policy, with increases in child benefits and winter fuel payments to pensioners. A criticism that Darling received from his own party, however, was that in the budget failed to reverse a reduction in the income tax band, a measure that had been introduced by then-Chancellor Gordon Brown the previous year and that was having a beneficial effect for most taxpayers, but a damaging one on low-income earners. Darling tried to compensate for this damaging effect later in the term in office (*The Times* 2008), but from his second budget onwards, his action as Chancellor became mostly determined by the negative consequences of the economic crisis.

From September 2008, in fact, after the collapse of Lehman Brothers, an American bank, the effects of the financial crisis spread to the whole British economy, causing businesses to close and people to lose their jobs. In Britain unemployment rose, GDP fell and state debt increased. The response of the Brown government was, at first, decisive and authoritative (Denver & Garnett 2014: 1510). The Prime Minister exposed himself by coordinating international action to prevent the economy to collapse. The policy response consisted in boosting the economy with injections of public money aimed at preventing banks from collapsing, provide support for businesses and assistance for people who had lost their jobs. The authoritative response to the crisis saw the government's popularity improve, at least temporarily (Denver & Garnett 2014: 151).

The 2009 budget was presented in the midst of a worldwide economic recession, which had started in 2008. The government response consisted mainly in injecting public money in the economy in order to raise demand and facilitate recovery. This response was however strongly criticized by for example the governor of the Bank of England who claimed that the public finances could not afford such a policy (*The Guardian* 2009). Despite this criticism, however, the government in 2009 drastically increased public spending, with measures aimed at supporting the economy, protecting jobs, stimulating demand, increase child and pensioners' benefits, help businesses and combat climate change (*BBC News* 2009). This response, however, caused the British public debt to reach record levels. The economy however failed to recover and the public deficit reached un-precedent levels, and in the last year of office the cabinet needed to introduce deep cuts.

As a result of the rising public debt, in his last budget speech – held in March 2010 less than two months before the 2010 General election – Alistair Darling announced £11 billion efficiency savings. Even if the public spending trend remained positive also in 2010, the Chancellor announced to the media that his measures were going to be more retrenching than those of Margaret Thatcher during the 1980s (*The Guardian* 2010). Similar to the Wilson/Callaghan government in 1975–1976, the cabinet drastically changed its policy attitude. For a better comparison, it would have been ideal if it had stayed two more years in office, in order to see if it would have pursued the restrictive policy announced in 2010 (*The Guardian* 2010) and how it would justify it. The government in fact did not stay in office long enough to implement a U-turn in its expenditure policy. Figure 3.5 reports the data of its total spending, measured as a percentage of GDP.

Figure 3.5: Total Spending by the Brown Government (% of GDP)



Source: ukpublicspending.co.uk

As can be seen, under the Brown premiership public spending mainly grew but we do not get to see how the trend would have evolved if Labour had also governed in the post-2010 austerity years. However, the budget speeches delivered between 2008 and 2010 constitute a body of material that is sufficiently representative of how a contemporary Labour government deals with demands for increasing spending *vs* the demands for retrenching.

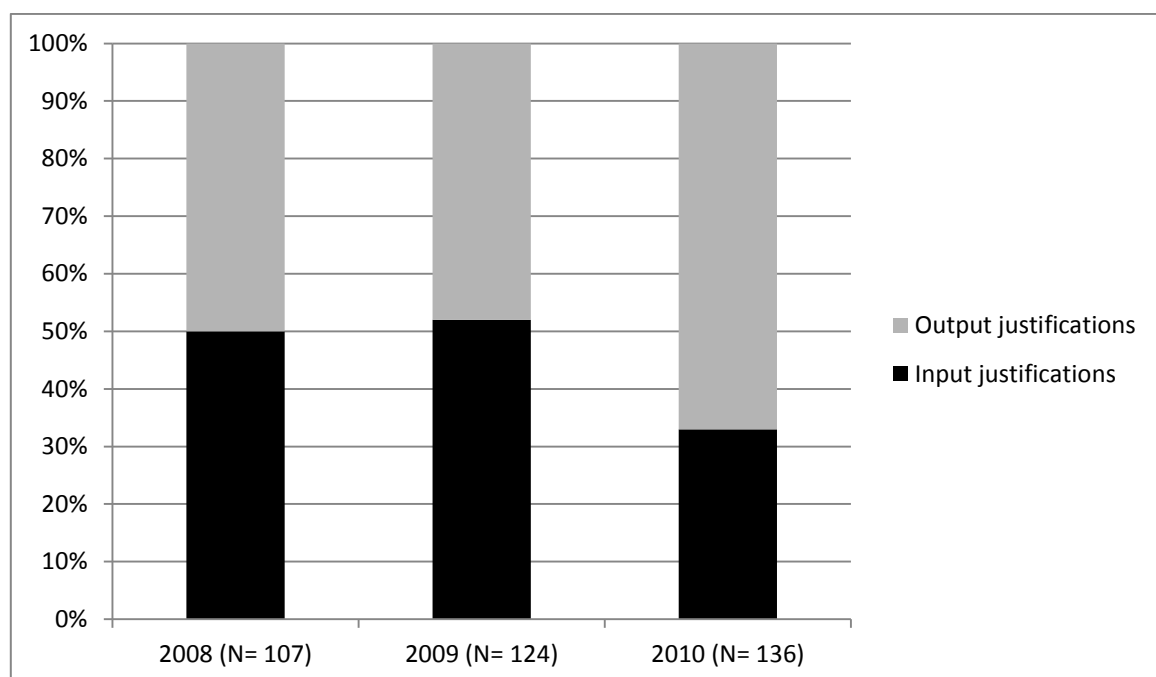
In what follows, I proceed just like I did with the Wilson/Callaghan government: first I illustrate the justification strategy during the term of office, and then I show how also for the Brown government input-oriented arguments are associated with expansive policies whereas output-justifications regard mainly general and restrictive policies.

3.2.2 Justifications during the term of office

The three budgets speeches given by Alistair Darling, even though they are more or less all embedded in the context of the financial crisis, differ in their respective balances between input- and output-justifications. In the first one, as already mentioned, the government tries to continue with the budgetary policies of the previous years, despite the world-economic

slowdown. The argument, overall, is that by doing so the cabinet aimed at maintaining stability. The second budget, instead, consisted of the measures with which the government tried to respond to the crisis, with investments to prevent banks from collapsing, people from losing their jobs and to accelerate the economic recovery. In the third budget speech, Alistair Darling appeared to be much more aware of the growing public deficit problem and therefore focused more on the need to contain public spending. As a result, the first two budget speeches feature a relatively high percentage of input-oriented justifications, whereas the third one is clearly dominated by output-legitimacy. Interesting to note is how the shift from input- to output-legitimacy between the second and the third budget resembles the same type of shift that happened for the Wilson/Callaghan government between 1974 and 1975. The figure below illustrates the balance of input- and output-justifications for each budget.

Figure 3.6: Brown – Justifications (2008–2010)



The columns represent the total of justifications I collected for each budget speech. The different colors indicate the proportion of input *vs* output-legitimizations for each budget speech. What can be seen is that this proportion is around 50 *vs* 50 per cent in the 2008 and 2009 budget speeches, and then drops to 32 per cent input *vs* 68 per cent output in the 2010

budget. Given that in 2010 the Chancellor had to confront the problem of the rising public deficit, this drastic change is on the one hand logical. On the other, it is surprising, given that the 2010 budget was the last one before elections. In what follows, I provide an overview of how the justification strategy evolved during the term of office.

The budget speech of 2008 featured frequent use of the word *stability*. Within the justifications, the word in fact appears 19 times (to give an idea, the word *finance* appears only twice). The word *stability* has a neutral connotation and is – by itself – neither input- or output-oriented. Throughout the budget speech, however, it becomes clear that the Chancellor, when talking about *stability*, was referring to financial stability. The mantra throughout the speech, in fact, is that the government was trying to maintain *stability* against the background of the economic recession, in an effort to lay the foundations for future economic growth:

This year's Budget is a responsible Budget that will secure stability in these times of global economic uncertainty. We will do everything in our power to maintain stability, keeping inflation and interest rates low and maintaining our record of growth

(Alistair Darling, *House of Commons*, 12 March 2008)

As can be seen, *stability* was related to the idea of a '*responsible Budget*'. Therefore I classify the references to *stability* as output-justifications referring to public finances.

The budget speech also began with the statement that *stability* is both the core purpose and the foundation of the budget:

*The core purpose of this Budget is stability, now and in the future. Its core values are **fairness and opportunity**, founded on stability and strength*

(Alistair Darling, *House of Commons*, 12 March 2008)

Strength was intended here as economic strength. The presentation of the budget started by highlighting the interconnectedness of the government's financial, economic and social policy goals. As I will show, this is a recurrent pattern in the justification strategy with which the Chancellor combined input-oriented arguments very smoothly with output-oriented arguments. The input-oriented arguments were centered on the principle of *fairness and*

opportunity and refer generally either to the strengthening of society for the challenges of the future or to providing more opportunities to children and young people, like for example in the passage below:

*Even in today's difficult and uncertain times, we are determined that we will not be diverted from our long-term aim: to equip our country for the challenges of the future, to confront **climate change** and to **end child poverty** in a generation. This Budget (...) is about building a **fairer society**, offering more opportunity—a **fair Britain in which everyone can succeed**.*

(Alistair Darling, *House of Commons*, 12 March 2008)

In this passage, Darling first briefly referred to the difficult economic context and then proceeded to introduce the social policy of the government. Social policy was justified as having a long-term aim, which consisted in creating a strong and fair society that could face contemporary and future challenges. Consequently, social investment was justified per the aim of creating the conditions under which everyone could make their contribution to the proper functioning of society. The argument about equipping the country for the future was then also regularly related to the ability to compete in the contemporary world economy. In fact, besides financial stability economic competition was a key output-oriented argument presented in the budget speech. The 50 vs 50 per cent proportion of input- and output-legitimacy in the 2008 budget speech is consequently largely related to the fact that meeting the needs of society and meeting the economic challenges were frequently presented as mutually reinforcing criteria for decision-making.

This smooth combination of input- and output-legitimacy continued in the 2009 budget speech. Here, the Chancellor put slightly more emphasis on the core values of *fairness and opportunity* and argued that strengthening society would guarantee future economic recovery which in turn would reinforce public finances. The passage below illustrates how the 2009 budget was introduced:

*Today's Budget will continue to **help people through this global recession**, and prepare Britain for the opportunities of the future. First, there will be help now to **get people back into work** quickly, and to **support businesses and home owners facing problems**. Secondly, there will be measures to support investment in growth and green industries of the future while the recovery takes hold, and to ensure that our*

*public finances are sustainable. We will **protect investment in schools, hospitals and other key public services**, and we will work to rebuild our financial services. Taken together, the measures in this Budget will build on the strengths of the British economy and its people and speed the recovery, providing jobs and spreading prosperity. In all of these decisions, we have been guided by our core values of **fairness and opportunity**, and our determination to invest and grow our way out of recession.*

(Alistair Darling, *House of Commons*, 22 April 2009)

Again, the theme of preparing the British society for the future set the tone of the budget speech. To prepare British society, the government would meet the demands of those social groups most harshly hit by the economic recession and invest in those sectors of the economy that would ensure economic recovery, which would in turn restore sustainability to public finances. In sum, thus, the government pursued economic recovery following the core values of fairness and opportunity. The overall justification strategy during the rest of the budget speech is well summarized by Darling's concluding remarks:

*Even in these difficult times, there is **fair and targeted help for grandparents and pensioners** and to **tackle child poverty** (...) You can grow your way out of recession; you cannot cut your way out of it.*

(Alistair Darling, *House of Commons*, 22 April 2009)

This passage is indicative of the role played by input-legitimacy in the 2009 budget speech. The government had made its choice about how to best lead the country out of the economic recession and this choice was based on the partisan values of helping the less fortunate parts of society. The social spending was thus directed at helping certain social categories to strengthen society. A strong society would grow its way out of recession and therefore secure a return to *stability*.

In the 2010 budget speech the focus of the government's policy went more to reducing the public deficit. Given the importance the government accorded *stability*, this shift of focus was not difficult to justify. In fact, Darling introduced the intention to halve the deficit together with the argument that the actions of the government were based on the belief

that it must help people and business. The beginning of the speech featured the following illustrative passage:

*At the heart of our decisions is a belief that Government should not stand aside, but should **help people and business** to achieve their ambitions. My Budget today builds on that belief, and on our confidence in this country. This will be a Budget to secure the recovery, to tackle borrowing, and to invest in our industrial future. It will **continue targeted support for businesses and families** where and when it is needed. It will set out how we will stick to our plan to halve the deficit within four years.*

(Alistair Darling, *House of Commons*, 24 March 2010)

The cuts introduced in the 2010 budget were justified by two seemingly contradicting arguments. First, adherence to the principle of helping *people and business* was advanced. Practically simultaneously, however, a commitment to halving the deficit was emphasized. Interesting to note here, also, are the juxtapositions *people and business* and *businesses and families*. These juxtapositions occur relatively frequently in Darling's justifications, and are indicative of a particular characteristic of the input-justifications of the Brown government. I will elaborate more on this in Section 3. It is important at this point to note that, while in the 2008 and 2009 budget a similar introduction was the beginning of the justifications of social spending, in 2010 this introduction served to gradually move towards justifications for cuts. This argumentation proceeded also later during the budget speech, when the government announced that cuts would be *necessary*, but that it would not implement them immediately because otherwise it would undermine the recovery and be damaging for *people*:

*To start cutting now risks derailing the recovery, which is already bringing down borrowing more rapidly than expected. To go faster, in the face of uncertainty, would mean taking a **huge risk with people's jobs and incomes**.*

(Alistair Darling, *House of Commons*, 24 March 2010)

The effort to avoid immediate cuts was very narrowly related to partisan commitments, such as protecting people's jobs and maintaining front-line public services. The maintenance of these commitments was justified as functional to economic growth. This growth, however,

must be *sustained* and therefore a reduction in spending and borrowing would be necessary. With this argument Darling justified the government's plan to reduce borrowing over the next four years:

We will need to work as hard to establish a platform for sustained growth, jobs and prosperity in the long term. Since the start of the global crisis, I have always been clear that support for the economy now must go hand in hand with a clear plan to reduce borrowing. Our plan is to reduce borrowing by £78 billion in cash terms over the next four years.

(Alistair Darling, *House of Commons*, 24 March 2010)

With this rhetoric, Darling introduced £11 billion in cuts across government spending, defining these cuts as *efficiency savings*.

The remaining output-justifications of the 2010 budget were about the government continuing the process of economic recovery with expansive measures such as tax relief for business. The overall impression is that in the final budget before elections the Labour government was trying to present itself as the executive that would lead the country out of the recession by protecting people and jobs. The partisan nature was thus still clearly present throughout the justifications and was presented as mutually reinforcing rather than contrasting with the duties of responsible government. As I have tried to show, this was also the case in the previous two budget when the government was more focused on increasing cuts.

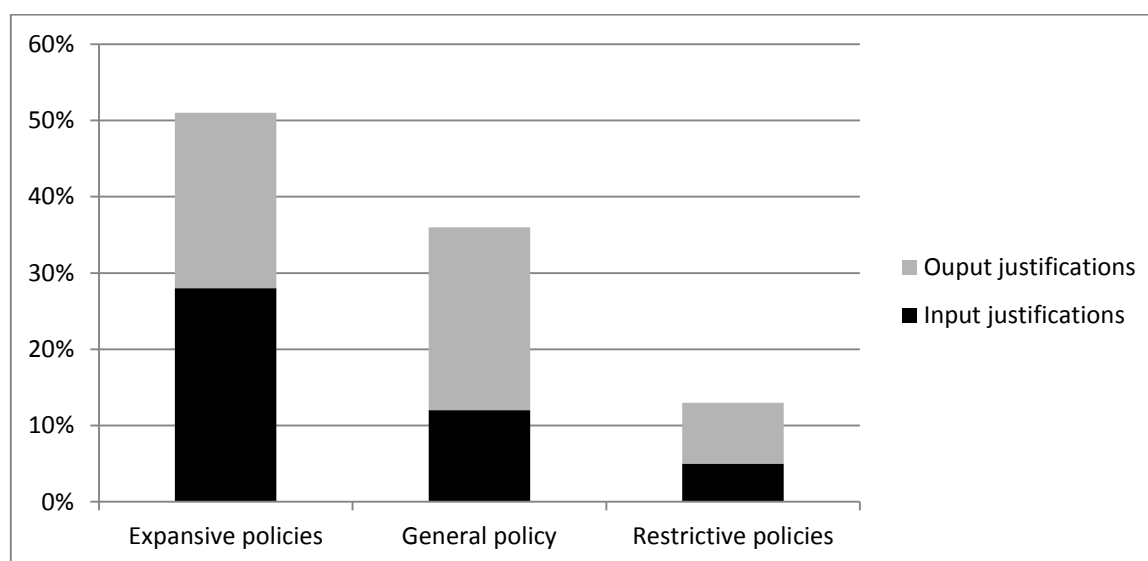
In the next subsection I illustrate how in the input- and output-justifications of the different policy-types were more interwoven than in the case of the Wilson-Callaghan government.

3.2.3 The relation between policies and justifications

Figure 3.7 illustrates the distribution of input- and output-justifications for each policy type. The columns sum to 100 per cent and represent the total of justifications I collected for the Brown government. As can be seen, the justifications for restrictive policies are considerably fewer than in the case of the Wilson/Callaghan government. This has a very a simple

explanation. The three budgets presented by Alistair Darling featured less restrictive measures than the five budgets presented by Denis Healey. Consequently, this also impacts the balance between input and output-justifications. In fact, the figure shows that input-justifications were mainly associated with expansive policies, just like had been the case with the Wilson/Callaghan government, whereas general and restrictive policies are generally justified with output-oriented arguments.

Figure 3.7: Brown - Justifications per Policy Type⁷



The ways in which the Brown government alternates its ‘responsive’ and ‘responsible’ side, however, present a slight but remarkable difference from the Wilson/Callaghan government. Throughout the justifications, disregarding of the type of policy these refer to, a pattern emerges in which the Chancellor tries to present the partisan policy objectives as mutually reinforcing with economic and financial policy goals.

While it is true that also in the 1970s in some cases Labour presented its electoral program as the best way to lead the country out of the recession, in the justifications for the different policies it became evident that restrictive policies were compensations for expansive policies and vice-versa. For the Brown government, instead, it is regularly the case that social spending was justified with the argument that, besides meeting social demands, these would be functional to future economic growth. Similarly, restrictive policies were presented as responding both to the values of social justice and to the objective of economic

⁷ Total N= 367

competitiveness. Consequently, the justifications for general policies, compared to the Wilson/Callaghan case, also feature a relatively higher percentage of input-oriented justifications. In other words, in the Brown case I find input- and output-legitimacy to be much more intertwined. In what follows I illustrate how this is the case for the different type of policies.

The association of input-oriented arguments with expansive policies derives from the fact that, similar to the 1970s, for the Brown government advancing partisan policies also meant increasing public spending. In fact, in the 2000s the political offer of the Labour party was still largely characterized by the promise of high levels of public services, investments in education and health services, assistance to pensioners and unemployed, and reductions in child poverty. The high levels of social investments involved with these commitments were generally justified with references to the needs of society. At the same time, however, social investment, especially when it is directed at young people and children, was also often justified with references to future economic performance. Investments in education and schooling, for example, were generally justified in the following way:

*If we are to compete in the future, it is essential to do even more to **drive up standards in education and improve skills**. Increased spending on education has **benefited children** right across the United Kingdom. We **have cut the number of underperforming schools** dramatically in the last decade and building on last year's spending review will raise standards even further to create **greater opportunities for children**.*

(Alistair Darling, *House of Commons*, 12 March 2008)

Unlike the Wilson/Callaghan government, which justified social spending mainly as a response to the needs of specific social groups, in the case of the Brown government meeting the needs of social groups was often presented together with the objective of improving the country's economic performance. Below is an example of a justification for the increased social spending introduced in the 2009 budget as a response to the economic crisis:

*But Governments must **give people targeted help to find new jobs** as quickly as possible and, where necessary, to gain the new skills which will allow them to do this. This is not just **morally the right thing to do**, but economically essential. All the*

evidence shows that the longer people are out of work, the more difficult it becomes for them to re-enter the labour market. So today I will announce steps to ensure that a short-term job loss does not turn into a lifetime on benefits.

(Alistair Darling, *House of Commons*, 22 April 2009)

This type of argument is indicative of a change of paradigm in what Labour perceives it must do when people lose jobs. Its commitment is no longer solely about meeting their needs, but also about ‘reactivating’ them to participate meaningfully in the labour market. In this way, the partisan commitments – referred to in this passage in moral terms, as the ‘right thing to do’ – have become very close to the criteria for what is ‘economically essential’. This shift is of course in line with the transformation undergone by the party during the 1990s and can be therefore seen as evidence of successful responsiveness.

This tendency of combining input- with output-oriented justifications appears also in the justifications used for the government’s general policy. The recurring argument in this justification strategy was that public investments would have the effect of stimulating economic growth and the latter would automatically improve public finances. For example, the 2009 budget, the one that provided the justifications for the government’s response to the crisis, featured this passage:

*We need to **help people** now. We need to **maintain key public services** now. We need to invest in the future, but we also need to make sure that we maintain public finances on a sustainable footing. Indeed, this is the best way to drive up economic growth, which, in turn, is the best way to bring down borrowing and rebalance the public finances. We must do this within a time scale that does not damage the recovery. This will require tough decisions, but I am determined that they will be **fair decisions**.*

(Alistair Darling, *House of Commons*, 22 April 2009)

Social justice, economic growth and financial sustainability were presented as narrowly connected. The discourse features a constant and fluid alternation of input-references (e.g. ‘help people’, ‘public services’) and output-references (e.g. ‘invest in the future’, ‘public finances’). This pattern occurred also for the justifications regarding restrictive measures. Below is an example of justification for increases in taxation:

*First, on taxes, I have already made difficult decisions, and I have been guided by our **values of fairness** and the need not to undermine the recovery (....) Among all the tax rises since the beginning of this global crisis, 60 per cent. of them will **be paid for by the top 5 per cent. of earners**. We have not raised these taxes out of dogma or ideology; we are determined to ensure that our overall tax regime remains competitive.*

(Alistair Darling, *House of Commons*, 24 March 2010)

Again, this passage is an example of how Labour profiled itself as a government that would work both towards its redistributive policy goals as well as towards maintaining the country's economic competitiveness.

The justifications for the different policy types distinguish themselves in the numerical balance between input- and output-justifications, but the general logic of the rhetoric remains largely the same. The emphasis on input-legitimacy in the justifications for expansive policies was mainly given when the Chancellor went more into describing how the single measures would benefit certain social categories or other partisan commitments. In these descriptions, thus, the input-oriented references add up quickly. The same holds for restrictive measures. After a broader rhetoric, more detailed descriptions explained how much revenue the policy interventions would generate. In the broad characterization of the policy, though, there was a constant interrelation between social, economic and financial criteria. The further implications of these patterns are of course open to interpretation, and I will deal with that in Chapter 6.

These patterns, however, are also related to the post-industrial and globalized world in which the cabinet was embedded. In the next subsection, I look at how the content of the input- and output-justifications differs between the two governments.

3.3 The comparative content of the justifications

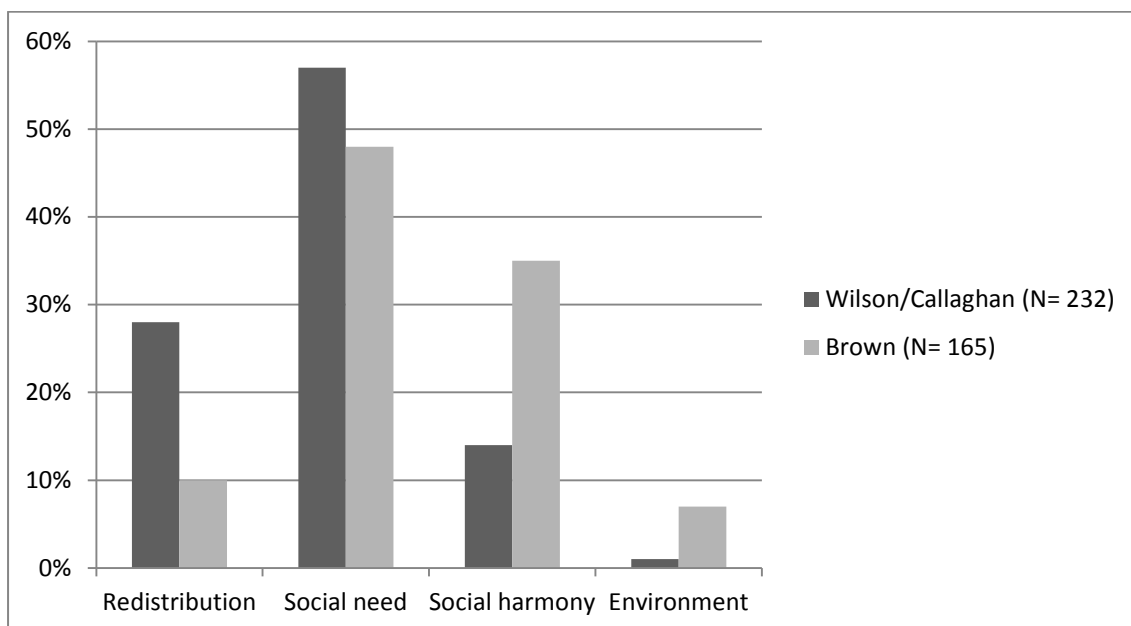
The distinction between input- and output-legitimacy was considerably more difficult for the Brown government than for the Wilson/Callaghan government. The strong interrelation between input- and output-justifications of the former, in fact, created many grey areas in

which the partisan and institutional criteria for decision-making seemed to almost coincide. For the latter, instead, the electoral commitment to increase social benefits was largely incompatible with the government's duty to fight inflation. Consequently, input- and output-justifications were easily distinguishable. This difference is also indicative of the different time-periods in which the two governments operated. As I will show in the following pages, the input-oriented discourse of Denis Healey is indicative of the contemporary socialist ideology, which advocated the needs of the industrial working class. Alistair Darling's discourse, in turn, was largely in line with Labour's post-industrial ideological profile. On top of that, as the two governments operated in an industry- and service-based economy, respectively, the output-justifications feature some – although not overly significant – differences.

3.3.1 Input: From 'the housewife' to 'business & families'

The content of input-justifications of the Chancellors is remarkably indicative of their different representative nature. Figure 3.8 illustrates how the input-justifications of the two governments are distributed among the different reference groups.

Figure 3.8: Wilson/Callaghan vs Brown - Content of Input-Justifications



The dark and grey columns represent the total share of input-justifications I gathered for the Wilson/Callaghan and Brown governments. Each column indicates the share of justifications pertaining to each subcategory.

As can be seen, for the Wilson/Callaghan government to be responsive meant almost exclusively to redistribute wealth and to meet the demands of the poorer parts of society. In the case of the Brown government, instead, to be responsive meant something more variegated and was more aimed at meeting the needs of society in a quite general sense. In the 2000s, in fact, the Labour party tried to appeal to a more heterogeneous electorate than during the 1970s. Consequently, it profiled itself more as a caretaker of society as a whole.

Also with regards to the responsiveness to particular social needs, in fact, the justifications of Alistair Darling appear to address a wider spectrum of society than those of Denis Healey. In the following passage, for example, the input-oriented propositions – besides the references to fairness or pensioners – also referred to the demands of homeowners:

In line with our values and fairness, help for pensioners, families and homeowners over the coming year is paid for by closing down tax loopholes, as I have already announced.

(Alistair Darling, *House of Commons*, 24 March 2010)

This characteristic is reconcilable with efforts of the party to broaden its electorate and speak also to new social groups, as well with the empirical figures about the changing electoral composition of the social-democratic electorate (Gingrich & Häusermann 2015).

In the case of Healey's justifications, instead, the emphasis of the responsive discourse tends to be mainly directed the working class or the poorer parts of society. In the following passage, for example, it justifies the government's support for families by underlying that the measures will be particularly helpful for working class families:

The other increases in expenditure are designed to help the family budget. The Government have decided that the autumn increase in the charge for school meals will not take place. We have also decided to take advantage of the Common Market subsidy for school milk by enabling local education authorities to provide free milk for 7-to-11-year-olds. The net cost of these two measures is about £68 million in

*1978–79. Finally, we are raising child benefit again (...) The cost of these increases in 1978–79 will be around £165 million. **They will give a further major boost to child support for working families. Those dependent on social security benefits will, of course, gain from the general social security uprating which I have just announced***

(Denis Healey, *House of Commons*, 11 April 1978)

While Denis Healey is quite specific about the government's responsiveness, Alistair Darling's input-oriented discourse tends to be more neutral with regards to the social classes it serves. This change of attitude also results in the use of more vague expressions like the juxtaposition 'business and families', used for example in the following passage to justify the measures of the new budget:

*It [the budget] will continue targeted **support for businesses and families** where and when it is needed.*

(Alistair Darling, *House of Commons*, 24 March 2010)

With the frequent use of this and similar expressions, the Brown government appeared to be profiling itself more of a caretaker of society in general, rather than a representative of specific social groups. The difference in this regard with the input-justifications of the Wilson/Callaghan government is evident. Under Brown the Labour party appears as a representative of society-as-a-whole, whereas in the 1970s it appears as the representative of those parts of society that expected it to redistribute wealth from the rich to the poor with increases pensions, and subsidies for food and housing.

The references to *social harmony* – which were generally part of Alistair Darling's discourse about economic growth and a healthy society – were mutually reinforcing. Consequently, a policy in line with Labour ideology, such as financial support for housing, was justified with the following argument:

*[T]he strength of our economy and the **health of our society** also depend on meeting the **long-term demand for housing** in this country. I have two measures that will help achieve that.*

(Alistair Darling, *House of Commons*, 22 April 2009)

In this passage, the government's housing policy was not presented solely as a response to social demand, but with the argument that it would serve society more broadly. The 'health of society', in turn, was strongly linked to the country's economic strength. In the discourse of Denis Healey, such a rhetoric would be almost unthinkable, as there was a much clearer distinction between social and economic policy goals in that period.

This difference is also strongly related to the different approaches that Old and New Labour have had towards the welfare state and labour-market policies (e.g. Huber & Stephens 2015). While in the 1970s the Labour party mainly aimed to respond to the demands of the people standing at the margins of the economy, from the justifications of Alistair Darling it emerges that the Brown government aimed to increasingly activate marginalized segments for labour-market participation. Consequently, while in the 1970s meeting the demands of the weaker social groups was a goal *per se*, in the 2000s the activation of the outsiders is functional to improved social outcomes more broadly, which would guarantee better economic performance and, ultimately, sounder public finances.

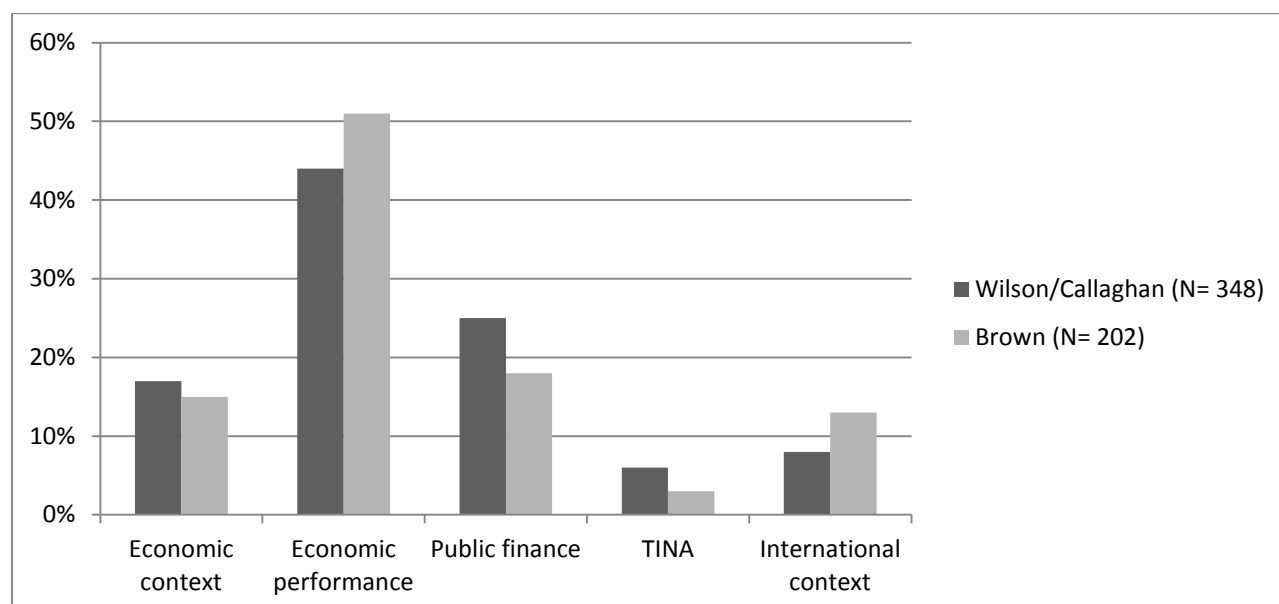
Besides that, New Labour has also demonstrated a commitment to an issue that was not prevalent in the 1970s, namely the protection of the environment. Nevertheless, this issue is also often presented within a general discourse, with the argument that a green economy is necessary for a sustainable future and a healthy society. Also these justification, in turn, are brought in relation with economic and financial arguments.

3.3.2 Output: From present problems to future solutions

In some contrast to initial expectations, the output-justifications analysed here do not feature any particular change of content. In fact, contrary to what one might expect from the impact of globalization, the Brown government did not feature any distinct increase in arguments about the international context. The Wilson/Callaghan government, moreover, featured more TINA arguments than the Brown government. Both governments directed most of their attention to the country's economic performance. This attention seems to be slightly higher for the Brown government, which in turn paid slightly less attention than the

Wilson/Callaghan government to the economic context. These differences are however too small to make any descriptive inference. Public finances were important for both governments, but appear as more of an issue for the Wilson/Callaghan government. Figure 3.9 reports the distribution of output-justifications among the different reference categories.

Figure 3.9: Wilson/Callaghan vs Brown - Content of Output-Justifications



Just as in Figure 3.8, the sum of the dark and grey columns represent the total output-justifications I gathered for each government, and each individual column indicates the share of these output-justifications pertaining to each subcategory. As can be seen, the distribution is almost identical, given that for each subcategory the differences tends to be around five percentage points. The most surprising aspect of this figure is that international commitments do not seem to have gained a dominant role in contemporary discourse.

The output-justifications of the two cabinets differ in the more specific words used, which largely reflect the fact that one Chancellor is working for a national industrial economy, and the other needs to manage an internationalized service-based economy. Another difference – but one that is mainly based on my personal impression – is that Denis Healey’s justifications seem to betray a sense that the government was running behind the fact, whereas Alistair Darling’s justifications profile the government as being aware ahead of time of what it needed to do.

When justifying the budget in terms of the country’s economic performance, Denis Healey’s justifications mainly focus on the help the government can provide to British

industries, how it can generate more employment and how it can reduce inflation. The following passage, for example, is a fully output-oriented justification for the government's general policy:

These striking financial successes are a necessary condition for our recovery and must be maintained. But they are not by themselves sufficient to achieve the fastest possible return to a high and sustainable level of output and employment, which remains this Government's overall economic objective. This Budget builds on the success of the December measures and moves us further towards recovery. The principal measures I shall be announcing will contribute to two key aims—getting our inflation down to the level of our main competitors and improving the performance of our manufacturing industry.

(Denis Healey, *House of Commons*, 29 March 1977)

The passage is indicative of what the Chancellor intended with 'economic recovery', namely a return to full employment and an improvement in the performance of the national manufacturing industry. To improve this performance, it was thought that the level of inflation must be brought down to the level of other big industrial countries. Industrial performance thus played an important role in Denis Healey's output-oriented discourse.

In the discourse of Alistair Darling, instead, industries played a more marginal role and generally often in the form of 'industries of the future'. The focus was much more in the idea of economic competitiveness, which was strongly related to the goal of providing a favourable environment to businesses, like for example in the following passage:

For business, my Budget provides continuing stability and certainty and introduces new opportunities for entrepreneurs and also maintains the three critical factors contributing to the strength of the UK's business environment, ensuring that we remain one of the best places in the world to do business. We will continue to promote open and competitive markets

(Alistair Darling, *House of Commons*, 12 March 2008)

This argument informs the audience about how the budget is beneficial for business, and thus for the British economy. Interesting to note is how the discourse tends to be constantly

projected towards the future. The creation of opportunities for the future are often presented as the best solutions for current problems. This aspect also recurred when the Chancellor talked about economic recovery:

The last year has been tough for many people, but the evidence shows it would have been harder still without the choices we made and the action we took to support the economy. We need the same good judgement and decisive action to secure and strengthen the recovery, and to provide the right basis for the country to seize the opportunities ahead.

(Alistair Darling, *House of Commons*, 24 March 2010)

Compared to Denis Healey's discourse, thus, the recovery tended to be framed in more vague terms. Even though issues such as unemployment were still prevalent, overall economic performance was framed in terms of competitiveness, seizing opportunities and working towards the future. The performance of national industries played a considerably weaker role.

Additionally, when talking public finances there seems to be slight difference in how the two governments framed it as either a problem of the present or as a solution for the future. Even if the content of these justifications is largely the same, there seems to be a different attitude. In the case of Denis Healey's justifications, in fact, it seems to be that the government was running behind the problems. Consequently, the arguments about public finances were often tied to arguments underlying the necessity of restrictive measures. The following passage refers to the U-turn in the policy course presented in the 1975 budget speech:

[S]everal factors have emerged in recent months which make it necessary for us in Britain to reduce our balance of payments deficit more rapidly than would be possible under existing policies. (...) Behind all these particular reasons for closing our deficit more quickly lies one overriding and, to me, absolutely compelling argument. We in Britain must keep control of our own policy. We must keep ahead of events. It would be disastrous if we were forced, as sometimes in the past, into running desperately after events which we could not control. By relying unduly on borrowing we would run the risk of being forced to accept political and economic conditions imposed by the will of others. This would represent an absolute and unequivocal loss of sovereignty.

(Denis Healey, *House of Commons*, 15 April 1975)

The impression that these justifications evoke is that the government had already allowed the financial situation to deteriorate beyond what would be considered acceptable, and that it was at that point trying to desperately invert the negative trends. The restrictive measures – which were aimed at improving the state of public finances – were presented as absolutely necessary to maintain the government's decision-making autonomy – and thereby its legitimacy. Unfortunately the references to national sovereignty do not appear often enough to make it a category of its own. Because of the general logic of the discourse of this passage, I aggregate these references into the TINA category. It is however interesting to note that such strong statements are not present in the discourse of the Brown government.

When Alistair Darling talks about public finances, the discourse is more projected at how this is important to solve future problems. The discourse is more characterized by the use of expressions like 'stability' or 'sustainability'. Even when talking about reducing current deficits, the Chancellor seems to indicate that the government's action as being ahead of time, and thereby profiles it as competent in dealing with its duties. In the following passage from the 2009 budget speech, the Chancellor already talks about how, following the increases in expenditure, the government is already planning long-term retrenchments:

I now turn to the public finances and the action that I will take to put them on a sustainable footing in the medium and long term (...) Taken together, my Budget measures today represent a fiscal easing of half a per cent of GDP this year, followed by a tightening of 0.8 per cent of GDP each year until 2013–14. I believe this is a sensible pathway to sustainable public finances. It will mean, as I have said, that the budget deficit will be halved in the next four years.

(Alistair Darling, *House of Commons*, 22 April 2009)

This argument is successively picked up again and developed in the 2010 budget speech, where it is also brought in relation with the argument about preparing the country for future opportunities.

To draw a distinction within the arguments referring to the international context and pressures is a bit more difficult, due to the shortage of samples. The tendency again seems however to be that, in the case of Denis Healey, the government was acting as a reaction to,

for example, the concerns of foreign creditors. In the case of Brown, these references were both about justifying the government's economic policies as appropriate for the world economy as well as – in the case of the 2009 response to the crisis – highlighting how the government's action was in line with the ideas of foreign policy-makers. The main finding, however, is that these arguments never came to play a dominant role in the contemporary discourse.

Conclusions and questions

The over-time comparison between the British Labour governments of the 2000s and 1970s largely contradicts the hypothesis that under the current condition of globalization, governments cannot justify their policies in terms of their partisan preferences. On the contrary, these preferences seem to play a slightly stronger role in the discourse of the Brown government than in that of the Wilson/Callaghan case. At the same time, these preferences have changed from being distinctively about the needs of particular social groups to being about society more in general. It must therefore be stressed out that many of the outcomes of my comparison fall in line with what was already known about the new policy attitude of British Labour. Large part of the input-justifications directly reflects the ideological change from Old to New Labour, and the output-justification seem to be indicative of the differences between governments from the industrial and post-industrial worlds. These aspects, therefore, largely confirm the realignment theories and the claim that electoral coalitions are still relevant for policy-making (Beramendi *et al* 2015).

Due to these confirmations about what was already known, however, this comparison also brings back some of the same questions. For example, to what extent can the content of the contemporary input-justifications be considered as a simple adaption to new preferences instead of a weakening of the party's ideological profile? Similarly, why are the contemporary input-justifications regularly tied to output-considerations about the economy and finance? The overall dynamics of the two justification strategies seem to indicate that today there is a different way of combining 'responsive' and 'responsible' government. In the last part of the thesis, therefore, I will compare these patterns with the Dutch cases and reflect on their implications.

Chapter 4

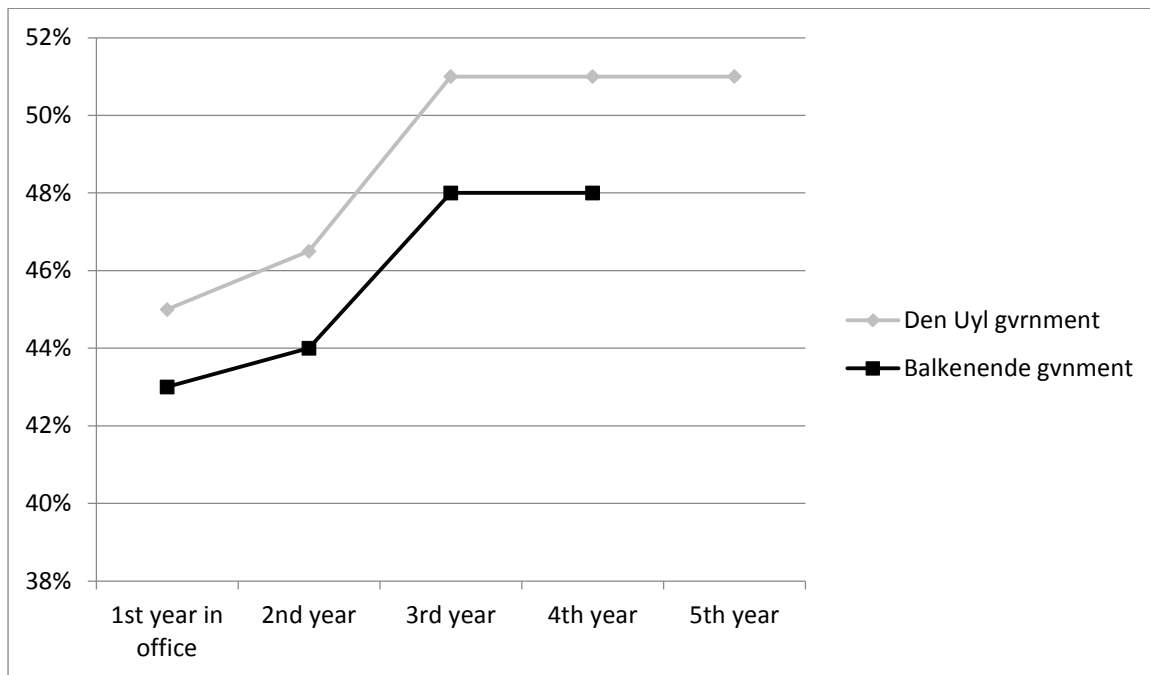
The Dutch case

In the Netherlands the government's budget is presented in September of each year with a written document called *Miljoenennota* which gives an indication of the expenditures and revenues the government will pursue during the following year. The text is roughly one hundred pages long and contains many technical descriptions about the economic situation and individual policies. It is divided in sections featuring lengthy introductions wherein the criteria, origins, goals and reasons for the different measures are clarified. It is mainly from these passages that I gathered the justifications analysed in this chapter.

As already mentioned at the end of Chapter 2, the Dutch case features the problem of having two governments with the same partisan composition but with a different internal balance between Christian Democrats and Social Democrats. Under Balkenende IV the former took the lead, whereas under Den Uyl Labour was the leading party. From this perspective in the 1970s case the Dutch Labour party – *Partij van de Arbeid* (PvdA) – had more power to be responsive because of its larger vote share. At the same time, however, it must also be considered that under Balkenende IV the position of the Christian Democrats regarding social expenditures was much more in line with Labour's plans than under Den Uyl. Overall, as I will argue in Sections 4.1.1 and 4.2.1, in the two cabinets the PvdA had a similar mix of opportunities and constraints to pursue its partisan policy goals. For example, in 1973 the cohabitation with the Christian Democrats was much more difficult than it turned out to be in 2007.

The most important similarity between the two cabinets is that in both cases the PvdA oversaw the public finances, with Wim Duisenberg as the minister in 1973, and party-leader Wouter Bos taking this role in 2007. With regards to public expenditure, moreover, the policy course of the two governments was also remarkably similar. In both cases the government initially followed the PvdA's program of raising social expenditure. In the third year of office, however, this trend was reversed, consequently creating a lot of tension between the party-base and the party in office. Figure 4.1 shows the parallel trajectory that the expenditure policies of the two governments followed.

Figure 4.1: Den Uyl and Balkenende - Total Spending (% of GDP)

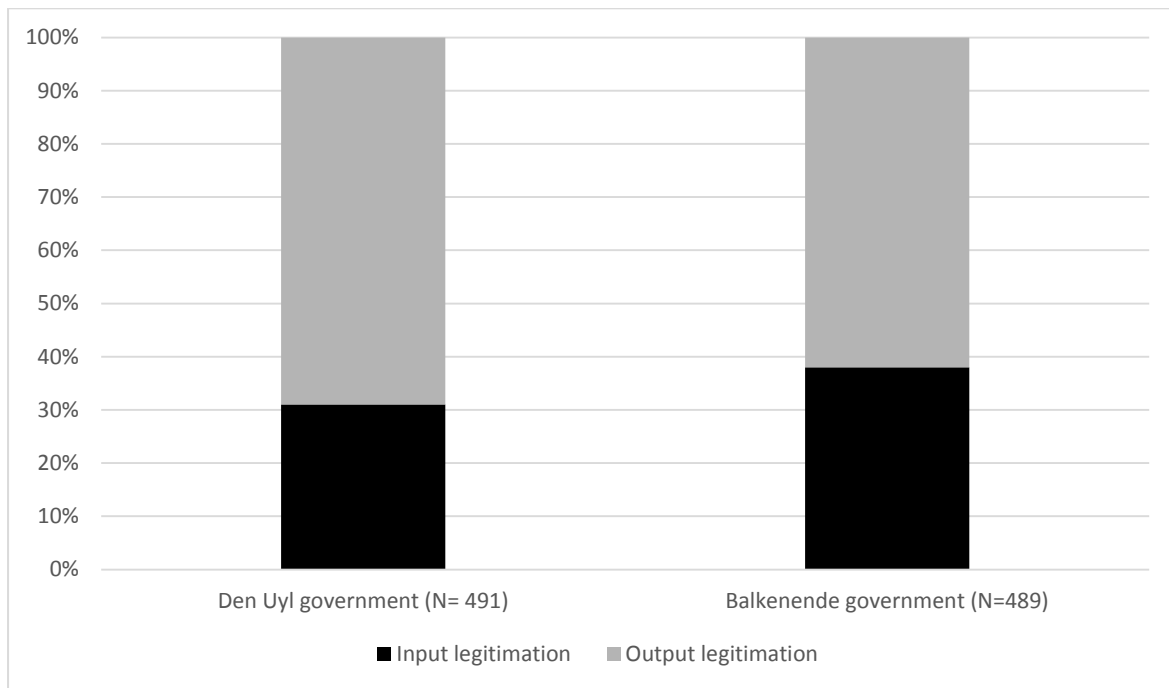


Sources: *Parlement & Politiek*; *Centraal Bureau voor de Statistiek*

In both cases, there was an initial wide use of expansive policies, which later had to be contained to avoid excessive deficits. As in the two British cases, also for Den Uyl and Balkenende IV there seems to have been an initial emphasis on ‘responsiveness’ which later gave way to more ‘responsible’ criteria. As I will show in this chapter, this is also what emerges from the analysis of justifications. The budgets selected for the comparison of justification arguments, in fact, contain comparable sets of expansive and restrictive policies. In the case of the Balkenende government, there was a Keynesian-style policy response to the crisis, counter-balanced with norms that would lay the basis for the next governments’ austerity measures. Similarly, in the case of the Den Uyl government the initial growth of public expenditure was counterbalanced by a norm that would lay the foundations for the retrenchment era of the 1980s.

The similar broad mix of expansive and restrictive policies results also in a relatively similar distribution of input- and output-justifications, thereby contradicting the central hypothesis that contemporary governments would expect to show an increase in the weight of output-justifications. For the two cases I gathered respectively 491 (Den Uyl) and 489 (Balkenende IV) justifications. Figure 4.2 shows the distribution for the two cases.

Figure 4.2: Den Uyl and Balkenende - Distribution of Justifications



From the graph it even seems that the Mair/Scharpf hypothesis is not only disconfirmed, but actually contradicted, as the justifications of Balkenende IV feature a larger share of input-oriented arguments than the Den Uyl government. Given also the internal balance of power between Social Democrats and Christian Democrats in the two cases, this is a surprising finding. At the same time, it must also be considered that the Balkenende IV government spent fewer years facing a crisis than the Den Uyl government. As I will show, in fact, the amount of justifications referring to restrictive policies is significantly lower for the former than the latter. At the same time, the input-oriented discourse of Wouter Bos tended to be more directed at society in general rather than towards specific social groups and, in turn, was much more integrated with output-justifications. Even though this aspect will already become apparent in this chapter, I will analyze it in further detail in Chapter 6.

In this chapter, I will provide a detailed comparative description of the distribution of justifications for the two governments, exploring how it is related to the actual policies, the external constraints and the ideology of the PvdA. I will first look at the Den Uyl cabinet and then at Balkenende IV. As in the previous chapter, I first sketch the facets of the responsible–responsible dilemma and the policy course for both governments, and then proceed to describe the discourse during the term in office and the relation between justifications and

policies. In the final part of the chapter I will look in comparative perspective at the different content of both input- and output-justifications for the two governments.

4.1 The Den Uyl government

4.1.1 *The responsive-responsible dilemma*

In 1973, under the leadership of Joop den Uyl, the PvdA entered a governing coalition with the Christian Democrats (which at that time were still split into KVP and ARP⁸) and two smaller parties: the Radical party (PPR) and the social-liberal D66. The Den Uyl cabinet followed a five-year period during which different centre-right cabinets had governed the country, mainly under leadership of the Christian Democrats and the Liberal party (VVD). The elections, held in November 1972, saw the PvdA emerge as by far the largest party with 27 per cent of the votes, with the Christian Democratic party KVP following with 17 per cent. In parliament, the government relied on a 65 per cent majority, with the forces within the coalition distributed as follows: the PvdA held 44 per cent of the government's majority, the KVP 28 per cent, the ARP 14 per cent, the PPR seven per cent, and D66 six per cent. The cabinet, however, was held together by a very weak consensus and did not even have a real coalition agreement. In fact, it took fully 151 days to finalize negotiations on forming the government, one of the most difficult and controversial government-formation processes in Dutch history.

The role of leading negotiations on the new government (*formateur*) was given to the old PvdA leader Jaap Burger, who was very determined to form a coalition between his party and the Christian Democrats. It was common knowledge, however, that the parliamentary group of the KVP group did not want a 'red cabinet with a white border' (Notenboom 2002: 47). Similarly, from the ARP there was also no openness towards the PvdA. As a consequence, the *formateur*, instead of openly addressing the parties, tried to contact individual key members of the ARP and KVP and he successfully offered them control over some key ministries. The results were twofold. One, the ARP and KVP entered government without the parliamentary group actually agreeing with it. Secondly, the formation of the government was not founded on a traditional coalition agreement, but on a more informal

⁸ Respectively the *Katholieke Volkspartij* and the *Anti-revolutionaire Partij*

agreement between the ministers. The general atmosphere in which the Den Uyl government was born, is clearly captured in the following passage of the government's statement:

<i>Dit cabinet is, in meer dan een opzicht, voor vrijwel niemand het cabinet, dat hij of zij het liefst had gewild</i>	This cabinet is, in more than one respect, not the cabinet that anyone had preferred or hoped for.
--	--

(Joop den Uyl, *Tweede Kamer der Staten-Generaal*, 28 May 1973)

The strategy adopted by the *formateur* was extremely controversial and, in the words of KVP-member Harrij Notenboom, 'in conflict with the historically grown rules within parliamentary democracy' (Notenboom 2002: 48). Consequently, despite being the leading party, the PvdA was considerably constrained in giving direction to the government's policy, as it constantly had to deal with the shaky foundations underlying the cabinet's formation.

Next to conflicts within the cabinet, moreover, the legislature was also characterized by conflicts within the PvdA itself, which were mainly fought between the party-members in parliament and those in the cabinet. This conflict found its main expression in the many disagreements between Den Uyl – who was also the leader of parliamentary group – and the minister of finance Wim Duisenberg, and ran (to a large extent) parallel to the classical responsive–responsible dilemma of social-democratic governments. The leader of the party in parliament advocated for big increases in public expenditure to fulfill to the electoral pledges (*Partij van de Arbeid* 1971, 1972), whereas the minister of finance was very keen on maintaining the public finances on a sustainable level. Consequently, this conflict had many repercussions on the policy-outputs of the government, and is at the heart of the two-phased expenditure policy illustrated in Figure 4.1.

Like many other European governments, the Den Uyl administration had to deal with the oil crisis of 1973, while inflation and unemployment were growing at worrisome rates. This context led the government in 1975 to reduce part of its plans for growing public expenditure. Inflation and growing public expenditure were already a problem from the very beginning of the government's term in office. The preparation for the first budget was consequently characterized by a tension between the wishes of Prime Minister Den Uyl and

those of Duisenberg as Minister of Finance. The former wanted to make a remarkable start with regards to expenditure, while the latter advocated a continuation of the strict fiscal policy of the previous government (Notenboom 2002: 57). Thus, the first budget-nota contained, on the one hand, a declared full commitment towards structural changes of society aimed at improving citizens' life- and work-circumstances and, on the other, a recognition that these plans were going to be constrained by inflation. The cabinet committed itself thereby simultaneously to a growth of public expenditure and to the fight against inflation. The tension between these two commitments inevitably led to strains within the cabinet, not only between Christian Democrats and the PvdA, but also with the progressive coalition partners (Drees 2000) and within the PvdA itself.

During the first two years in office, the government's policy was largely influenced by the determination of the Den Uyl front, and thus by the wish to increase social security benefits and to redistribute the nation's wealth in favour of the economically weaker parts of society. By 1975, however, expenditures on unemployment benefits were mounting and wages were rising, while unemployment and inflation kept growing. These were also the years of the infamous 'Dutch disease' (*The Economist* 1977; Andeweg & Irwin 2009: 212), the paradoxical situation in which the discovery of big reserves of an important natural resource (i.e. oil and gas) failed to produce incontrovertible economic gains. After the oil crisis of 1973, in fact, the government's revenues deriving from gas reserves, instead of being invested for future growth, were used to finance the growing amount of welfare benefits.

When the growing expenditures reached an unbearable level, however, the executive had to commit itself to significantly contain that growth. During the course of 1975, the policy of apparent endless growth of public expenditure took a U-turn. The unresolved, and even worsening, problems of unemployment and inflation became source for increasing tension within the cabinet and focal point of criticism of it from without. Duisenberg even received a motion of no-confidence from coalition partner PPR, whose members were unconvinced of the minister's approach to the unemployment issue. The minister himself often felt he was constrained by the wishes of party leader Den Uyl, and felt he was not able to do what he actually thought needed to be done. In 1975, however, the finance minister gained his first big political victory against his own party leader with the introduction of the so-called '1%-norm', which aimed at limiting the yearly rise of the tax burden to one per cent, with the objective of reducing the costs of the public sector (Bos 2008). This norm stands as a

watershed moment in the history of the Dutch post-war economic policy, as it committed governments from then on to restrict public sector growth and favour private sector expansion (Gladdish 1991: 152).

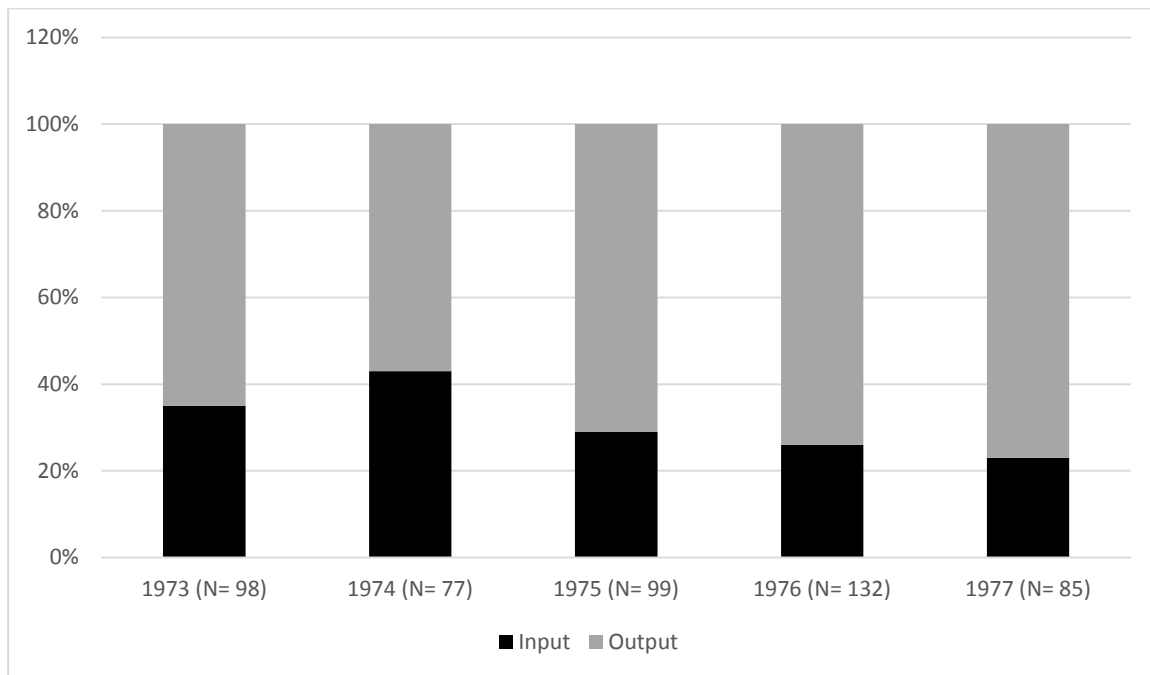
The limit set to public expenditure growth was still not as strict as Duisenberg had wished, but it signified a major change in the policy direction. The last two budgets of the term in office in fact contained various measures aimed at reducing public expenditure and the burden of taxation. Also, the government became more concerned with the trajectory of wage growth, recognizing that keeping wages under control was necessary to reduce the effects of inflation and to keep the Dutch economy competitive. At the same time, however, the reduction of public expenditures and the containment of wage rises remained below the expectation of the coalition partners as well of those of the Dutch central bank (Notenboom 2002: 163-164). The tension between the PvdA and the Christian Democrats developed even further when in parliament the PvdA parliamentary group continued to plead for more policies aimed at restructuring society, whereas the Christian Democrats, who by then had fused into the CDA, were practically already seeking cooperation with opposition parties (Notenboom 2002: 177-178). The result of this continuously escalating tension was that in March 1977 a disagreement on land policy led to a cabinet crisis which in turn led to the cabinet's resignation, two months before scheduled elections.

The tension between the party-base demands for more social expenditures and the external pressures for containing the growth of the public sector is also clearly visible in the justifications provided for the budgetary policies. In the next subsection, I described how input- and output-justifications are alternated during the office term.

4.1.2 Justifications during the term in office

The balance between input-and justifications arguments runs very much parallel to the power balance between the more responsive policy-attitude of Den Uyl and the more responsible considerations of Wim Duisenberg. The first two *Miljoenennotas*, in fact, contain the largest share of partisan discourse. From 1975 onwards, instead, economic and financial considerations increasingly dominate the justification strategy of the finance minister. Figure 4.3 shows the yearly distribution of input- and output-justifications.

Figure 4.3: Den Uyl - Justifications (1973–1977)



The first two budgets – especially the second – were characterized to a large extent by expansive measures. These were justified mostly with input-oriented arguments about redistributing wealth in favour of the economically weak and the improvement of the life-conditions of the lower incomes. In the 1975 *Miljoenennota*, instead, due to the introduction of the 1%-norm, there was a substantial increase in output-justifications and a decrease in input-justifications. The need for fiscal responsibility characterized also the *Miljoenennotas* of 1976 and 1977, wherein partisan criteria for policy-making appear much less prominent than in 1973 and 1974. The main observation that can be grasped from the figure above is that after the introduction of the 1%-norm there was increasingly less room for input-justifications.

In the first two budgets, the cabinet explicitly commits itself to translating into policy the plans regarding restructuring society in favour of the economically weak. Within these two texts, the justifications contained in the 1973 *Miljoenennota* appear relatively milder as those provided one year later, recognizing for example the need to accommodate the partisan policy goals to the situation of public finances and the challenges posed by the economic context. When justifying the cabinet's general policy, for example, the argument centred on

the political wishes of the cabinet and the responsible policies needed for successfully achieving those goals. The following passage provides an illustrative summary:

Zoals in de regeringsverklaring is aangekondigd, wil het kabinet voorrang geven aan verbetering van de kwaliteit van het bestaan en aan behoud en verbetering van de leef-, woon- en werkomstandigheden, waarvoor een succesvolle inflatiebestrijding een eerste vereiste is As anticipated in the government statement, the cabinet wants to give priority to **quality of life and to the maintenance and improvement of living and working conditions**, for which a successful fight against inflation is the first requirement.

(Wim Duisenberg, *Miljoenennota*,
September 1973)

The first of the two justification propositions is indicative of the government's concern with overall social wellbeing, whereas the second indicates that it was aware of the economic context, which induced it to take measures against inflation. In its first budget, thus, the Den Uyl government seemed to partly continue the commitment of its predecessors in the fight against inflation, but with more emphasis on the ultimate goal of responding to the needs of society.

While the first budget stands as a relatively timid change of policy direction compared to the previous centre-right government, the second budget is the most progressive of the term in office, and probably one of the most progressives of Dutch post-war history. The expansive policies, the cabinet says, are in line with the principles on which the government is founded. Before proceeding to spell out how its policies are responsive to the partisan policy goals, however, the government also underlines the responsibility of these measures, using output-oriented arguments about the positive balance of payments and the leading international ideas regarding expenditure policies:

Een positief aspect is de sterke betalingsbalanspositie. Deze maakt een beleid, gericht op stimulering van de binnenlandse bestedingen mogelijk A positive aspect is the strong balance of payments. This allows for a policy aimed at stimulating domestic expenditures.

Een op stimulering van de economie gericht beleid past geheel in de internationale gedachtengang van een compenserend bestedingenbeleid door landen die, als het onze, op een gunstige externe positie kunnen wijzen.

A policy aimed at stimulating the economy fits international thinking regarding a compensatory expenditure policy by those countries, like ours, that have a positive external position.

(Wim Duisenberg, *Miljoenennota*,
September 1974)

With these justifications, the government suggested that the economic situation would allow for the expansive measures it was about to announce, and that it was not doing something absurd, but rather something that countries with a positive balance of payments should do. The expansive measures are thereby presented as appropriate in the given circumstances. It is curious to note, however, that – as the government itself also underlined – the positive balance of payments was provided by the profits deriving from gas reserves. The expansive measures introduced in this budget were thus at the heart of what will later be called Dutch disease, and would later be considered as irresponsible since they were seen as hindering the country's economic growth (*The Economist* 1977).

After the reassuring remarks about the positive balance of payments, the text proceeds with a description of how the big amount of money available allows the government to finance increases in social spending, like for example the government's contribution to social insurances. The justifications provided for these policies, consequently, are largely input-oriented. The following passage is the justification for the choices on fiscal policy and in particular for the higher expenses on social insurance:

Bij de keuze van de belastingmaatregelen en bij de beslissing om de rijksbijdrage in de sociale verzekeringen te vergroten zijn zowel het streven om het vrij besteedbare inkomen meer te laten stijgen dan in de afgelopen jaren mogelijk is geweest, als de doelstelling

Both **the aim to let disposable income increase** as well as **the goal to substantially contribute to a more just distribution of incomes**, have helped to determine the choice regarding taxation measures and the decision to increase the government's contribution to

om wezenlijk bij te dragen tot rechtvaardiger social insurance.

inkomensverhoudingen mede bepalend

geweest.

(Wim Duisenberg, *Miljoenennota*,
September 1974)

The two highlighted justification propositions inform the reader that these policies are largely responsive to societal needs, such as increasing disposable incomes and reducing inequalities. This passage is consequently followed by more arguments of this kind, justifying the more specific measures. The next passage is the justification for the increase of the government's contribution to the general pension fund:

<i>Door de rijksbijdrage aan het Algemeen Ouderdomsfonds (...) te verhogen, zal het premiepercentage van de A.O.W. en de A.W.W. een half procent lager kunnen zijn dan anders het geval zou zijn geweest. De inkomens van de premieplichtigen (...) zullen hierdoor worden verruimd (...) Het gunstige effect op het besteedbare in-komen - dus na aftrek van sociale lasten en belasting - is verhoudingsgewijs het grootst voor de lagere inkomens; bij inkomens boven de premiegrens neemt het effect ook in guldens gemeten af naarmate het inkomen hoger is.</i>	By increasing the government's contribution to the general pension fund (...), the premium rate of the AOW and AWW could be a half percentage lower than would have been the case otherwise. The incomes of those paying the premium (...) will thereby increase (...) The advantageous effect on the disposable income – after the deduction of social charges and taxes – is comparatively higher for lower incomes; above the contribution limit, the effect – measured in guilders – decreases the more income increases.
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(Wim Duisenberg, *Miljoenennota*,
September 1974)

The increase in expenditure on pension funds was justified as responsive to the needs of pensioners and as conforming to Labour's redistributive criteria, whereby lower income-earners would be provided with more benefits than those on higher incomes. Similar justifications are provided for increases of for example in unemployment benefits, or other social security measures.

The third budget, published in September 1975, is the one that brought about the U-turn in the course of budgetary policy, and wherein the finance minister managed to be more assertive *vis-à-vis* the wishes of the PvdA-members in parliament. In the *Miljoenennota*, the minister repeatedly emphasized how unemployment and inflation were rising, and the growth of the real national income was decreasing. These contextual factors led the government to adjust its policy plans in order to prevent a further increase of unemployment. This was however not meant to meet the demands of the unemployed, but rather to stimulate the country's productivity. To achieve this, the government recognized also that it could not continue to raise public expenditures. On the contrary, it acknowledged the need for more restrictive measures. The following passage is an example of a justification for the U-turn in the policy attitude:

<p><u>In wezen komt de verlangzaming van het stijgingstempo van de collectieve lasten neer op een herziening van het voorziene uitbreidingstempo van de collectieve voorzieningen, een herziening die geboden is in het licht van de geringere groeiperspectieven op middellange termijn.</u></p>	<p>The <u>slowdown in the increase of the collective burden</u> means that there will be a revision of the planned expansion of public services. This revision is proposed <u>considering the smaller growth perspective in the medium-long term.</u></p>
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(Wim Duisenberg, *Miljoenennota*,
September 1975)

Due to the economic slowdown, the government recognized that it needed to reduce the overall taxation burden. Consequently, the financing of a growing public sector had become unaffordable, and therefore the government was forced to revise its plans. This brought the executive to a point where it had no other alternative but to pursue restrictive policies. The policy was set out in this budget constituted the basis for what during the following year was labelled the 1%-norm. In the next budget, published in September 1976, the cabinet justifies the norm as follows:

<p><u>Bij de besluitvorming rond de 1%-operatie en het aanvullende beleid zijn het bereiken van een aanvaardbare werkloosheidsomvang, een redelijke reële groei en een afvlakking van</u></p>	<p>For the decision-making regarding the 1%-norm and the additional policy, the primary objectives were reaching an acceptable <u>degree of unemployment</u>, a <u>decent real rate</u></p>
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het inflatietempo, de hoofddoelstellingen of growth, and containing inflation. The geweest. Het financieringstekort (...) financing deficit functioned (...) as the fungeerde hierbij als randvoorwaarde boundary condition.

(Wim Duisenberg, *Miljoenennota*,
September 1976)

Unemployment, inflation and deficit financing were the key constraints the government faced and it sought to tackle these by working within the boundaries of sustainable public finances. The norm – which included a variety of measures – followed almost exclusively economic and financial considerations and its justification was therefore mainly output-oriented. The minister, consequently, also took credit for the outcomes of that policy, namely the expected limited rise of public expenditures:

Naar raming zal het volume van de totale According to estimates, the volume of total directe overheidsbestedingen in 1977 direct government expenses in 1977 will nauwelijks stijgen. Dit is vooral een gevolg barely rise. This is mainly a consequence of van het aflopen van eerder aangevangen the earlier initiated employment-programs werkgelegenheidsprogramma's en van het op and of the policy aimed towards the reversal een ombuiging van het stijgingstempo van de of the growth rate of government overheidsuitgaven gerichte beleid. expenditure.

(Wim Duisenberg, *Miljoenennota*,
September 1976)

The justification for the measures contained in the 1%-norm is that it limits government expenditure, and therefore reduces the risk of incurring excessive deficits. Compared to the *Miljoenennotas* of 1973 and 1974 the policy attitude substantially changed. While in the first two years of office the government profiled itself as working for the needs of society, in 1975 and 1976 its action was presented as functional solely to the country's economic and financial needs. In other words, after an initial emphasis of responsiveness, during the term in office – under the pressures of the crisis – the government increasingly moved in the direction of responsibility.

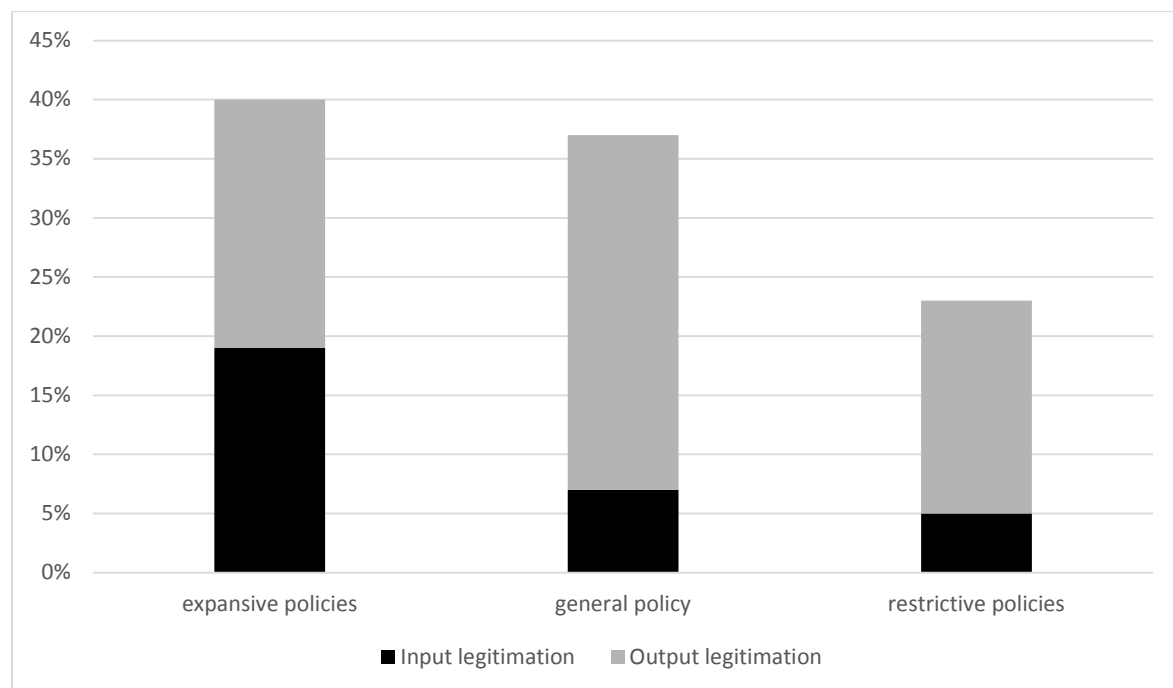
When drafting its last budget, published in September 1977, the Den Uyl government has already resigned. The cabinet limited itself to taking measures that were the logical consequence of prior decisions, and avoided any type of controversial new political decision. Many justifications refer to the general government's action with regards to the fight against inflation and unemployment. The discourse was consequently mainly output-oriented.

In the next subsection I provide more evidence of how the balance between input- and output-justifications went hand in hand with the policy course of the government.

4.1.3 *The relation between policies and justifications*

Figure 4.4 from the previous subsection already indicates how the input-justifications were mostly concentrated in those budgets in which the government had increased public spending. The next figure reports the share of input- and output-justifications referring to respectively expansive, general and restrictive policies.

Figure 4.4: Den Uyl - Justifications per Policy-Type⁹



⁹ Total N= 491

The columns indicate the total share of justifications referring to each policy-type and are divided in a darker and greyer part, representing each input- and output-oriented propositions. The Den Uyl government features the same pattern as the average of my Labour cases, as input-justifications are mainly used for expansive policies. The expenditures, in fact, serve mainly to help the more vulnerable parts of society and thus to be responsive to the PvdA's ideological profile. In the passage below, for example, the government justifies increases in foreign aid and the introduction of a national insurance scheme:

Beide beslissingen stellen in het licht hoezeer de regering meent dat de nationale welvaartstoename in het bijzonder aan de economisch zwakkeren (...) ten goede moet komen. Both decisions highlight how much the government believes that the growth of wealth should mainly **benefit the economically weak (...).**

(Wim Duisenberg, *Miljoenennota*,
September 1974)

The measures were presented as being just because they benefited the economically weak, and were thus responsive to the needs of that particular social group. Thereby, these justifications rendered the expansive measures legitimate in the eyes of PvdA supporters.

The other half of the justifications referring to expenditures mainly profile the measures as appropriate in the given circumstances, like for example in the following passage:

De voorspellingen van het Centraal Planbureau, waarin met deze wijzigingen in het trendmatige begrotingsbeleid rekening is gehouden, duiden er overigens op dat deze beslissingen het structurele evenwicht van middelen en bestedingen niet bedreigen. The forecasts of the Central Planning Agency – which have been considered when applying these changes to the budgetary policy – show that these decisions do not threaten the structural balance between resources and spending.

(Wim Duisenberg, *Miljoenennota*, September

The output-justifications for the expansive policies generally served as a reassurance that they were not (financially) irresponsible. Contrary to the previous input-oriented passage, with this justification the government tries to render to policy just in the eyes of that part of the audience that does not necessarily share the PvdA's commitment to the needs of economically weak, but is rather concerned about the state of public finances. With an alternation of input- and output-justifications, thus, the government tries to reassure both parts of the audience.

When justifying the general policy, instead, the government tended to address the audience as a whole, generally referring to the economic context and objectives. Unemployment and inflation constitute the main sources of concern and are generally treated as the country's main economic problems that need to be responsibly taken care of. The following passage serves to justify the government's general financial and economic policy:

Als primaire doelstelling voor het financieel- economische beleid ziet de regering een terugdringing van de structurele werkloosheid tot ten hoogste 150 000 manjaren in 1980. Ter verwezenlijking van deze doelstelling zijn maatregelen voorgesteld gericht op stimulering van de investeringen. Daarnaast blijft matiging van de arbeidskostenstijging noodzakelijk om het hoofd te bieden aan de doorgaande ongunstige structurele ontwikkelingen.

The government sees the reduction of structural unemployment to a maximum of 150,000 individuals as a primary goal of financial-economic policy. To achieve this goal, we propose measures to stimulate investment. Besides, the moderation of the growth of labour costs remains necessary to face ongoing unfavourable structural developments.

(Wim Duisenberg, *Miljoenennota*,
September 1976)

The reference to the 'reduction of the structural unemployment' I coded as *economic performance*, as it was not framed as meeting the demand for jobs, but rather as a crucial

economic objective of the country. The ‘unfavourable structural developments’, instead, was clearly a reference to the *economic context*.

Similar to the general policies, the restrictive measures were generally justified with arguments about responsibility towards the whole country. Most of these measures formed part of the 1% norm – whereby the government committed itself to annual reductions in growth of the public sector – and were consequently justified with references to *public finance*, as in the passage below:

<i>In verband met de zwakke en onevenwichtige bestedingssituatie (...) wordt het dekkingsplan in deze begroting beperkt tot een bedrag van 0,8 miljard.</i>	In <u>relation to the weak and unbalanced spending situation</u> (...) in this budget we will limit the coverage plan to an amount of 0.8 billion.
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(Wim Duisenberg, *Miljoenennota*,
September 1977)

The measure that is justified here is a reduction of the amount of money that is generally destined for the coverage of unexpected expenses, and the argument refers to the weak state of the public finances.

On a few occasions both general and expansive policies were justified with input-oriented arguments. This happened not only in the first two budgets when the general action was justified as ultimately functional to Labour’s redistributive goals, but also in the last budgets when the government tried to reassure its audience that, despite the change in policy course, it has not forgotten about its social commitments:

<i>Tot veiligstelling van de collectieve voorzieningen, werd daarom door de regering tot een bevrozing van de lonen voor de eerste helft van 1976 overgegaan, onder waarborging van het reëel in 1975 genoten inkomen bij de laagste inkomenstrekkers</i>	To safeguard public services , the government opted to freeze the wages for the first half of 1976, ensuring, however, the real income level of 1975 for the lowest income units.
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(Wim Duisenberg, *Miljoenennota*,
September 1976)

In this passage the minister justified a non-responsive policy such as the freezing of wages with an input-oriented proposition, namely the safeguarding of public provisions and the special attention given to the incomes of lower social classes.

The overall justification discourse of the Den Uyl government thus followed a relatively straightforward pattern: social expenditures were justified with input-oriented arguments and retrenchment was defended with output-justifications. Occasionally, the expenditures were justified with arguments about the appropriateness of those actions, and retrenchments were presented as relatively sensitive to the needs of the more vulnerable social groups. With this alternation of input- and output-oriented arguments, thus, the cabinet addressed both the labour and non-labour parts of the audience.

4.2 The Balkenende IV Government

4.2.1 The responsive–responsible dilemma

The national elections of November 2006 were in many ways a defeat for the Dutch Labour party. The PvdA suffered one of the worst defeats in its history, second only to the dramatic loss of 2002. Receiving only 21 per cent of the votes, the party lost six percentage points in support since the previous election of 2003. Despite the disappointing electoral result, however, the party managed to join the governing coalition with the CDA and the Christian Union (CU). With a total of 80 seats, the cabinet relied on a 53 per cent majority in the House of Representatives, with 41 seats held by the CDA, 33 by the PvdA and 6 by the CU. Just as the Den Uyl administration had done, the post-2006 coalition came into office following roughly a roughly five-year period of centre-right governments. The pre-election period, moreover, was characterized by a general discontent with the centre-right CDA-VVD government and, consequently, the elections saw the Socialist party (SP) emerge the third largest party with almost 17 per cent of the votes. In the month following the elections, attempts were made to start negotiations for a CDA–PvdA–SP cabinet (*NRC Handelsblad* 2006). Due to the radical nature of the SP's policy positions, however, this option was quickly dismissed and the task of forming the government was given to CDA leader and Prime Minister Jan Peter Balkenende, who started the negotiations that would lead to the formation of the Balkenende IV government in February 2007.

The PvdA's severe electoral loss had caused a lot of debate within the party (Becker & Cuperus 2007). Commentators had attributed the electoral crisis to a loss of ideological identity. The party seemed to remain stuck in a split between the political centre and the political competition from the left. During the campaign, the PvdA had proved to be incapable of taking advantage of the general discontent with the previous centre-right government, as it failed to take position either on the side of the popular discontent against the centre-right cabinet or on the CDA-side. Thus, it lost votes on the left to the rising Socialist party and on the right to the CDA (Van Praag 2007). Taking part in government therefore – even if only as a coalition partner – was seen as a great opportunity to recover from disappointing results and give clear signals about the direction the party was going to take (Becker & Cuperus 2007).

The insecurity of the PvdA was strongly related to the party's recent history, which resembled in many ways the picture sketched in Chapter 1 about the dilemmas of contemporary parties and of social democrats in particular. In the 1990s the PvdA introduced many neo-liberal aspects to its ideology, and this renewal eventually allowed it to form a coalition with the liberal party, the VVD to form the so-called 'purple' government, that would perform very successfully in economic terms between 1994 and 2002. As is typical for governing parties, however, in 2002 the PvdA suffered a severe electoral loss, determined also by the rise of the Lijst Pim Fortuyn (LPF), whose charismatic leader was adept at highlighting the negative social consequences of the policies of the purple government. Consequently, the failure of the 2006 campaign was in many ways the result of two long-term dilemmas facing the party. The insecurity of the party was also reflected in the electoral manifesto (*Partij van de Arbeid* 2006), which contained promises related to traditional partisan policy-goals as well as explicit commitments to healthy public finances. The social-democratic pledges contained in the document concerned investments in childhood education and schooling in general, activation of outsiders in the labour market, investment in renewable energy sources and reduction in the gap between rich and poor. Also, it underlined its commitment to defend the purchasing power of pensioners, increase the number of low-cost housing units, and improve the livability of housing districts.

The ambiguity of the party's positions also had repercussions for the party's internal life during the legislature. Similar to the Den Uyl government, a conflict emerged between the party in parliament and the party-members in the cabinet, wherein the leader of the

parliamentary group, Mariette Hamer, advocated for a collaboration with the SP on the left, whereas State Secretary Frans Timmermans sought to avoid any association with the populist party (*NRC Handelsblad* 2008a). Thinking in terms of the responsive–responsible dilemma of party-government, it is interesting to note how this conflict runs parallel to the contraposition of parties’ need to profile themselves as distinct political representatives *vs* the need to profile themselves as reliable governors. It is consequently no surprise that the collaboration with the populist left was advocated by the leader of parliamentary party, whereas the opposite position was promoted by a party-member in government. The responsive–responsible dilemma was thus clearly present during this legislature, and therefore it is interesting to see how the PvdA presented itself in this regard while it was in government.

The coalition agreement between the three governing parties gave potential room for the PvdA to make clear choices with regard to its dilemmas. The executive declaration had in fact many points in common with a typical social-democratic program and, besides being strongly criticized by the VVD, it also received positive reactions from the SP (Van Kessel & Leenders 2007: 181). The agreement was based on the motto ‘work together, live together’ and made significant commitments to increased education spending, enhancing social cohesion, and reducing the gap between rich and poor. The distribution of portfolios, moreover, gave the PvdA control of key ministries to work towards these goals. The party-leader, Wouter Bos, became Minister of Finance, Ronald Plasterk became Minister of Education, Jacqueline Cramer became Minister for Public Space and the ministry responsible for housing and home-districts was assigned to Ella Vogelaar and Eberhard van der Laan. In many respects the PvdA thus had the concrete opportunity to make strong choices and give clear signals about which direction it wanted to take as a party.

The policy program of the cabinet, moreover, was the result of an innovative approach in setting the government’s policy agenda. The ministers in fact underwent a 100-day dialogue with civil society, consisting mainly in visits to particular working and living areas, as well as public events. Besides that, an online platform was launched wherein thousands of citizens who had the possibility to express their policy suggestions to the cabinet. This way of setting the government’s policy agenda was completely new in Dutch politics, and resulted in a program that had the same motto as the coalition agreement (‘work together, live together’), containing plans for a total of €7 billion extra in spending, with investments in education, the environment and social cohesion. The policy program, however, received

criticism for a lack of clear proposals, as it gave no indication of how the first *Miljoenennota* of the new administration would look (*NRC Handelsblad* 2007).

The cabinet started its term in office in a period of economic prosperity, with the advantage of healthy public finances to plan the budget with. The public deficit had been eliminated by the previous centre-right government and there was even a surplus of 6 per cent of GDP available, signifying that the government had more money available to achieve its policy goals, which were in fact potentially very expansive (Van Kessel & Leenders 2007). The drafting of the first budget during the summer of 2007 was characterized by the conflicting wishes of the PvdA regarding citizens' purchasing power, on the one hand, and the wish of the CDA to meet the costs of ageing population, on the other. The CDA largely got its way, as the government introduced some cuts in expenditure and increases in taxation, particularly environmental, property and consumption taxes. The PvdA, on the other hand, managed to exempt particular social groups from the effects of these measures, such as single parents and those relying on the pension as their sole source of income (Brand 2008: 145). Besides that, the government also introduced investments in education and training programs for young people.

The second budget was released just as the 2008 financial crisis broke. In September 2008, the Dutch economic and financial situation was still positive, with economic growth at 1.8 per cent and public finances on a very sound footing (*Centraal Bureau voor Statistiek* 2008; *NRC Handelsblad* 2008b). The prospects of an economic crisis however became plain in the weeks prior to the publication of the budget and this generated an atmosphere of uncertainty. As a result, the budget contained no real surprises and was received by the parliament as 'boring' (*NRC Handelsblad* 2008c). The measures contained in the budget were directed at protecting the purchasing power of citizens with a number of expansive measures, including tax relief totaling about €2.5 billion. The tax increases for 2009 foreseen by the coalition agreement, moreover, were postponed to 2010 and 2011.

Only one month later the Dutch financial system was strongly hit by the crisis, and the cabinet saw itself forced to nationalize Fortis Bank at a cost to the taxpayer of €16.8 billion (Bos & Brand 2009). As the crisis worsened, the cabinet introduced an anti-crisis policy package in March 2009, which consisted in a considerable injection of public economic stimulus. The government made itself guarantor for companies, hospitals and housing corporations seeking loan finance. The package aimed at stimulating the economy in the short

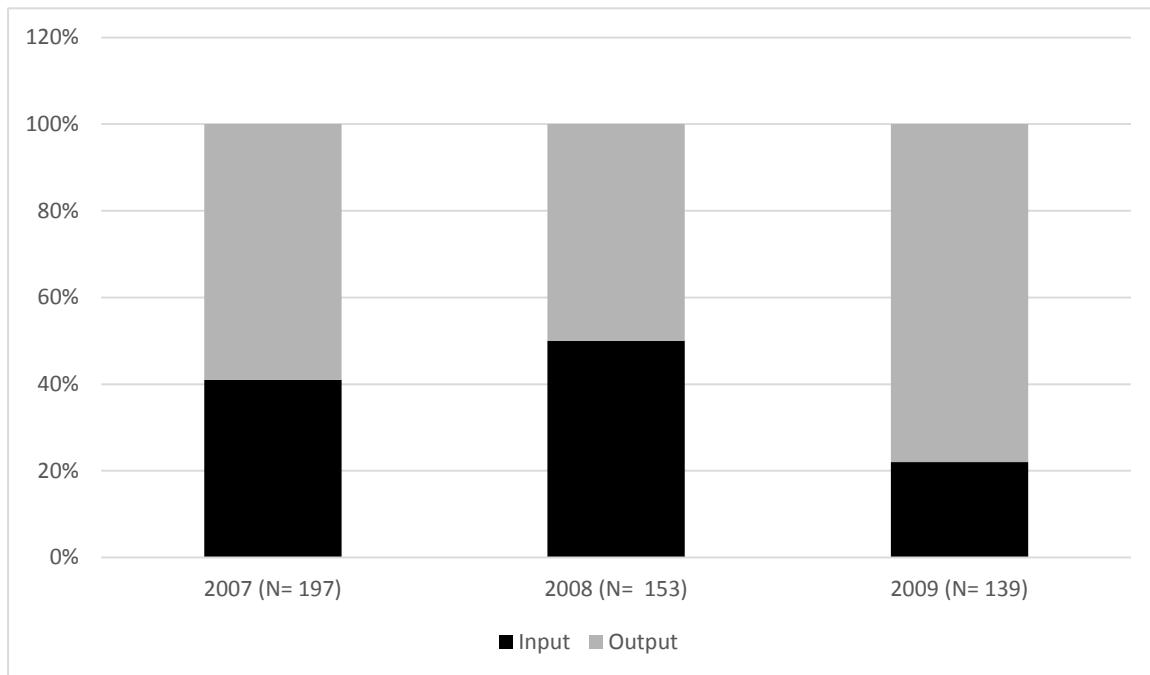
term by giving financial assistance to companies to prevent redundancies, and creating the conditions for safe public finances in the long term – for example, by increasing the retirement age. Following the introduction of the policy package, the parliament claimed to have been bypassed by the cabinet. The main controversy was about the increase of the retirement age, but also with regards to the high levels of extra spending proposed.

The third and last budget of the Balkenende IV government was mainly a continuation of the policy package introduced in march 2009. It contained measures to stimulate the economy in the short term and proposals for reducing public expenditure in the long term. The dissatisfaction within parliament about the modalities of the cabinet in dealing with the crisis grew to such an extent that the opposition parties – the SP, VVD and PVV – withdrew their support for the cabinet. The dissatisfaction was mainly founded in the vague answers to questions given by Prime Minister Balkenende. Minister Bos, on the other hand, received compliments for the arguments with which defended the cuts in public expenditure (Ramakers 2010: 166). The following months of the cabinet were mainly characterized by internal tension over the wars in Iraq and Afghanistan, which led to its resignation in April 2010.

4.2.2 Justifications during the term in office

The yearly distribution of input- and output-justifications, as can be seen in Figure 4.5, followed a similar trajectory as the Den Uyl government. The input-justifications were on average considerably more than 40 per cent of the total justifications in the first two budgets, and decline to almost 20 per cent in the third.

Figure 4.5 Balkenende - Justifications (2007–2009)



The third budget was in fact the only one that was drafted in midst of the economic crisis. When presenting the 2008 *Miljoenennota*, the government could only foresee that a recession was imminent, but could not predict its harshness. While the 2008 budget thus contained some preventive measures, in September 2009 the cabinet had to rationalize the exponential growth of public expenditure of the previous months and make plans to curb those expenses in the future. For this reason, the last budget was much more output-oriented than the previous two.

The first budget appeared shortly after the coalition agreement and the 100-day dialogue with civil society. In the *Miljoenennota*, however, the cabinet was rather timid in presenting its political goals. Before introducing its plans regarding increases in public expenditure it preferred to underline its commitment to maintain public finances at a sustainable level. Sustainable public finances were thereby presented as the necessary condition for achieving an expansion of government activities. The introduction to the first budget is a typical example of a government presenting itself as both responsive *and* responsible. After declaring the intention to invest in education and neighbourhoods, the government underlined its commitment to spend no more than its revenues, guaranteeing

stable public finances in the long term. This general argument is very well summarized by the following passage, which counts as a justification for the general budget:

Solide financiering van een sociale agenda Solid financing of a **social agenda** asks for *vraagt om moeilijke keuzes en soms harde* difficult choices and sometimes hard *maatregelen. Die kun je dan maar beter* measures. It's better to take these in a year in *nemen in een jaar waarin het economisch* which the economy is going well. *goed gaat*

(Wouter Bos, *Miljoenennota*, September 2007)

This was mainly an output-oriented justification with one input-oriented element, namely the commitment towards the social agenda. The more the government introduced the social agenda, the more the input-oriented arguments were used. These arguments were centred on the will of the government to 'strengthen the quality and power of society' and the consequent goal of integrating those people standing at the margins into social and economic activities. For example, there was the following commitment to activate certain sections of society into the job-market:

Kansen voor een verdere toename van de Especially **for women, the elderly and the** *arbeidsdeelname, zowel in personen als in* **lower parts of the labour market** there are *gewerkte uren, zijn er vooral onder vrouwen,* chances for more labour participation. **The** *ouderen en aan de onderkant van de* **policy efforts of this cabinet are thus** *arbeidsmarkt. De beleidsinspanningen van* **mainly directed at towards these groups** *dit kabinet richten zich dan ook vooral op* *deze groepen"*

(Wouter Bos, *Miljoenennota*, September 2007)

With this passage the minister justifies the measures taken in order to facilitate labour access for women, older people and the more vulnerable parts of the working population. Next to the activation of these social groups, the government is also very much concerned about young people dropping off school and announces investments also in this direction, in order to reduce the numbers or to provide job trainings for these young people. The justification for measures taken in this regard is the following:

Ieders talenten en vaardigheden zijn immers waardevol en nodig. Bovendien zorgt een samenleving waarin iedereen meedoet, voor meer saamhorigheid en een prettiger klimaat om in te wonen en te werken. Everyone's talents and capabilities are valuable and necessary. Moreover, **a society in which everyone participates creates more cohesion and a better climate in which to live and work**

(Wouter Bos, *Miljoenennota*, September 2007)

The labour-market policies whereby young people are activated into jobs was justified with the argument of creating the conditions for harmony and cohesion within society. The general policy of the government, however, as underlined in the budget on more than one occasion, was based on the principles of growth, sustainability, respect and solidarity. These principles would allow the government to move back on forth between the commitments towards the social agenda and the commitments towards public finances and economic performance.

In the second budget, the political nature of the government became more visible, as it introduced a wide range of expansive policies aimed at social goals such as creating the necessary working conditions for people with a handicap, improving the quality of education or enhancing the livability of neighborhoods. These policies were justified according the general principles of the government, which, as mentioned, were growth, sustainability, respect and solidarity. The budget was presented as 'less Dutch than what it initially may seem', referring to the fact that the Netherlands has an open economy and is therefore vulnerable to developments happening abroad. The social agenda, nonetheless, was being advanced with vigour, as the budget contained many measures aimed at job activation and increasing citizens' purchasing power. Among the measures was the freezing of the rate of

VAT, some tax exemptions for employees and pensioners and a bonus for people working after the age of 62. Below are a few examples of the justifications for these measures:

<i>Het kabinet (...) wil de koopkracht van burgers zoveel mogelijk beschermen. Daarom gaat de voorgenomen verhoging van de btw-tarieven per 1 januari niet door.</i>	The cabinet (...) wants to protect citizens' purchasing power as much as possible. Therefore, the initially planned increase of VAT rates from 1 January [2009] will not take place.
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<i>Door nieuwe inkomensafhankelijke arbeidskortingen (..) (wordt) de stap naar werken aantrekkelijker. Dit geldt met name voor niet-werkende partners en voor mensen die vanuit een uitkering komen.</i>	Through the new income-dependent tax-exemption (...) the step towards work becomes more attractive. This is especially for non-working partners and people coming off a government transfer payment.
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<i>De koopkracht van vooral ouderen (..) wordt door de kabinetsmaatregelen ondersteund. De AOW-tegemoetkoming wordt verhoogd met circa 80 euro bruto</i>	The purchasing power of older people (...) is supported through the cabinet's measures. The pension allowance is increased by €80.
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(Wouter Bos, *Miljoenennota*, September 2008)

These justifications for the specific measures of the social agenda were mainly input-oriented, as they all refer somehow to improving the life conditions of certain social categories. The overall justification for these measures, on the other hand, combined the input-oriented argument of improving citizens' purchasing power with the output-oriented argument about improving the country's economic structure:

<i>Door dit alles ontwikkelt de koopkracht van burgers zich in 2009 – <u>ondanks de lagere</u></i>	Because of all this, citizens' purchasing power should develop positively in 2009,
--	---

economische groei – over een brede linie despite lower economic growth. The extra
positief. De extra 'plus' voor werkenden 'plus' given to working people stimulates
prikkelt mensen om (meer) te gaan werken en people to work more and contributes to a
draagt daarmee bij aan een sterkere stronger economic structure.
economische structuur.

(Wouter Bos, *Miljoenennota*, September
 2008)

Despite the turmoil in the international economy, the cabinet hued to its expansive policy-principles whereby the purchasing power of citizens from the lower sections of the labour market were increased. The political responsiveness towards these social groups was, however, justified with the broader argument about how these measures would motivate people to work more and better, thereby improving the country's economic structure. The input-oriented arguments about these social groups and the functioning of society in general were in this way strongly connected to the output-oriented arguments about a strong economy and sustainable public finances.

One year later, in the midst of the economic crisis, the government was confronted with the need to reduce public expenditure and secure sustainable public finances in the long run. While maintaining an expansive policy strategy for the short term, for the long-term the government proposed cuts in health care, an increase of the retirement age and restrictive measures with regards to for example the rental value of housing. As shown in Figure 4.5, once the government needed to cut back expenditure, the room for input-legitimacy decreased. Nonetheless, similarly to previous budgets, in September 2009 the *Miljoenennota* was founded on the principles of growth, sustainability, respect and solidarity. The difference however was that, due the financial crisis and strains put on public finances by the stimulus package introduced in March 2009, the focus was now much more on fiscal sustainability. The general argument was that, after having stimulated the economy to dampen the negative effects of the crisis, the government had the responsibility to ensure sustainable public finances in the future:

De aanpak van de crisis op de korte termijn The approach towards the crisis on the short
is noodzakelijk en verantwoord. Wel term is necessary and responsible. However,

impliceert de gekozen kortetermijnaanpak een forse agenda voor de middellange en lange termijn voor het weer op orde brengen van de overheidsfinanciën. Om herstel van gezonde overheidsfinanciën op termijn te garanderen zijn aanvullende acties nodig.

this short-term approach implies a robust agenda for the medium- and long-term to bring the public finances back on track. In order to heal public finances in the long term, additional measures are needed

(Wouter Bos, *Miljoenennota*, September 2009)

After the increases in public expenditure of the previous months – which were justified as ‘necessary and responsible’ to face the crisis in the short term – Wouter Bos announced future measures that would ‘bring the public finances back on track’. The additional measures consisted in an increase of the retirement age and cuts in expenditures for health care, among others. Below is an example of the justifications for these two measures:

Het kabinet (...) het voornemen geuit de AOW-gerechtigde leeftijd te verhogen van 65 naar 67 jaar (...) Achtergrond hiervan is voor het kabinet de bijdrage die deze maatregel heeft op de houdbaarheid van de overheidsfinanciën

The cabinet has expressed the intention of increasing the retirement age from 65 to 67 (...) For the cabinet, the background for this decision is the contribution it would make to the sustainability of public finances.

De curatieve zorg draagt bij aan de vergroting van de houdbaarheid van de collectieve uitgaven met structureel 0,4 procent bbp (...) De maatregel bij de zorgtoeslag zal erop gericht zijn om (...) de groei die zich in deze regeling voordoet (...) te beperken

Curative health care contributes to the expansion of the sustainability of collective expenditures with structurally 0.4% GDP (...) The decision regarding the care allowance seeks to limit the growth that occurs in this regulation.

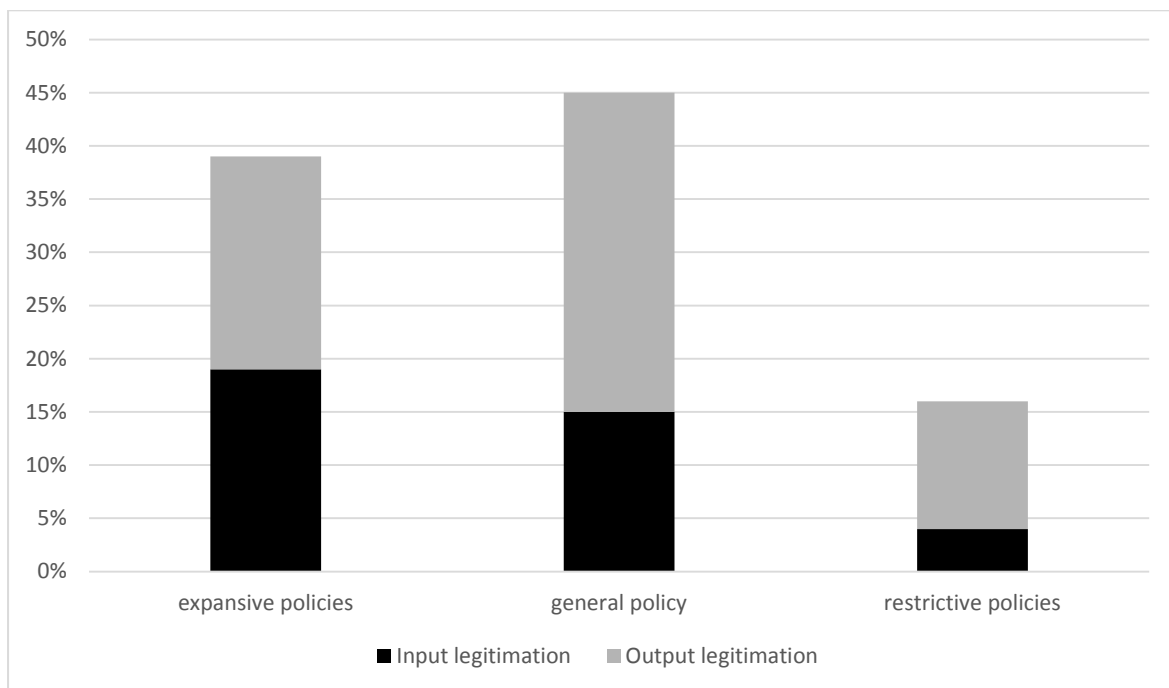
(Wouter Bos, *Miljoenennota*, September 2009)

These unpopular policies are justified with responsible arguments about sustainable public finances. The general pattern of the justifications of the Balkenende IV government is in this regard relatively similar to the justifications of the Den Uyl cabinet, as both governments tend to profile themselves as responsive when they are in a position to spend, and as responsible when they are forced to cut. This does however not take away that there are some remarkable differences between the two discourses. In the following subsection I will first spell out the (partial) similarities a bit more in detail, and in the final part of the chapter I will highlight the differences.

4.2.3 The relation between policies and justifications

Figure 4.6 shows the distribution of justifications for the Balkenende IV government, showing the distribution runs for a large extent parallel to the policy-actions of the government. The height of the columns indicate the percentage of justifications for respectively expansive, general and restrictive policies. Each column is divided in a black and grey part indicating respectively the share of input- and output-justifications.

Figure 4.6: Balkenende - Justifications per Policy-Type¹⁰



Much like the Den Uyl government, input-justifications were mainly used for expansive policies, whereas restrictive policies were mainly justified with output-oriented arguments. When it talked about general policies, the government needed to focus on output-legitimacy, as it needed to consider both the economic and financial contexts, as well as the impacts of the policies. At the same time, however, the output-oriented arguments used to justify the government's general policy were often also strongly related to input-oriented arguments increasing social cohesion and achieving a just redistribution of national resources. Compared to the Den Uyl government, in fact, the justifications for the cabinet's general policy was relatively more input-oriented.

The expansive measures – especially in the second budget – were mainly aimed at giving a hand to those sections of society that might be hit hardest by the economic recession. They were mainly divided into those aiming at maintaining the purchasing power of citizens – in order that work would still be perceived as remunerative and thus worth bothering with – and those aiming at activating people in the labour market. The following passage is an

¹⁰ TOTAL N= 489

example of the latter, justifying an investment aimed at helping early school-leavers to make their career plans:

Door schooluitval tegen te gaan geeft het kabinet jongeren een betere kans op de arbeidsmarkt. In 2009 is 39 miljoen euro extra beschikbaar voor onder andere het verbeteren van de loopbaanoriëntatie, studiekeuze en begeleiding van leerlingen By preventing early school dropout, **the cabinet gives young people a better chance on the labour market.** In 2009 there will be an extra €39 million available for the **improvement of career orientation, study choice, and assistance to students.**

(Wouter Bos, *Miljoenennota*, September 2008)

The increase in expenditure was justified with the input-oriented argument about meeting the needs of early school-leavers. At the same time, however, it was also functional to activate new forces in the labour market.

The input-oriented arguments of Wouter Bos were in fact strongly interrelated with the output-oriented goals of the cabinet. It is for this reason also that the justifications for the general action of the government featured a relatively high percentage of input-oriented discourse. In these justifications, in fact, the social, economic and financial concerns were presented side-by-side. In the following passage, for example, the minister justified the cabinet's labour market policies:

Arbeidsparticipatie is ook belangrijk om mensen de mogelijkheid te geven hun talenten te benutten. Daarnaast draagt participatie – doordat meer mensen meebetalen – voor een belangrijk deel bij aan een andere langetermijnuitdaging: de opgave om de overheidsfinanciën op lange termijn financieel gezond (houdbaar) te houden. Labour-participation is also important in order to **give people the chance to avail themselves of their talents.** Besides that – because more people pay tax – participation contributes to another long-term challenge: the task to maintain healthy (sustainable) public finances in the long term.

(Wouter Bos, *Miljoenennota*, September

The different measures the cabinet took to improve labour participation were, on the one hand, aimed at providing support to citizens, but at the same time were functional to the cabinet's long-term financial commitments. With one passage, thus, the minister addresses both sides of the audience. Both the partisan supporters who expect measures aimed at a better functioning of society, as well those parts of the audience that do not share the PvdA partisan goals but expect the cabinet to fulfill to its economic and financial duties were thus addressed.

Due to the relative short period in office and, more importantly, the relative short period it actually had to face the economic crisis, the discourse referring to restrictive policies was considerably reduced compared with the Den Uyl government. The pattern is however relatively similar, as the justifications remain mainly output-oriented, with the exception of occasional references to the cabinet's redistributive commitments. The restrictive measures were present to a significant extent in the first budget, but were predominant only in the last *Miljoenennota*, consisting mainly in long-term plans as laid out in the following passage:

<p><i>Het kabinet heeft zich in het voorjaar van 2009 ook al gebogen over de periode na de crisis. Zo werd besloten al in 2011 – in een maatvoering die <u>afhankelijk is van het tempo van economisch herstel</u> – op de uitgaven te bezuinigen om zo <u>een begin te maken met het weer op orde brengen van de overheidsfinanciën</u>.</i></p>	<p>The cabinet has already thought about the period after the crisis during spring 2009. It in fact decided to introduce cuts in expenditure already in 2011 – <u>within the limits posed by the speed of the economic recovery</u> – in order to <u>give a start to the process of restoring the public finances</u>.</p>
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(Wouter Bos, *Miljoenennota*, September 2009)

With this justification, the cabinet tried to reassure the overall audience that the recent drastic increases in expenditure would be backed up with future cuts like the previously mentioned increase of the retirement age, cuts in health care and fiscal regulations with regards to house properties.

What is striking from the discourse of Wouter Bos is how, similar to the Brown government, the ideological transformation of the party had found its way into governmental discourse. This transformation entailed the representation of a more heterogeneous electorate and a closer interrelation between input- and output-oriented policy goals. In the next section I will compare the content of the justifications of the two Dutch governments, showing that their respective differences largely parallel those found in the British case.

4.3 The comparative content of the justifications

The examples brought up so far are indicative of some of the differences in the discourse and the content of the justifications of the two governments. In this section, I show that these differences are not merely due to particular circumstances, but are rather systematic. What may have already become evident is that while the expansive policies of the Den Uyl government were aimed at improving the life conditions of the weaker parts of society, the expansive policies of the Balkenende IV government were more about creating the conditions for outsiders to participate more effectively in society. In other words, the two governments have had a different way of being responsive to the less fortunate parts of society. This resulted also in different justifications, as the input-legitimacy of the Den Uyl government rested almost exclusively on commitments towards redistribution and meeting specific social demands, whereas the input-legitimacy of the Balkenende IV government was more about serving the needs of society in general.

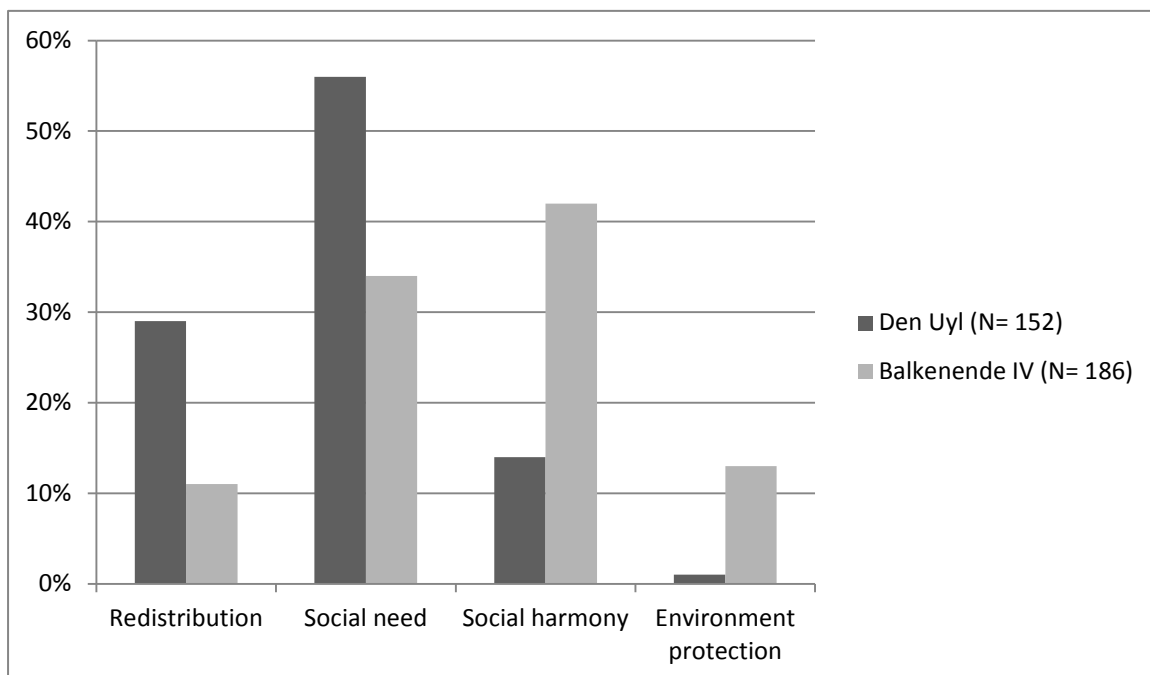
The justifications of the Balkenende IV government referring to the societal commitments, moreover, were generally accompanied by output-oriented arguments about the economy. In other words, the expansive policies, next to being legitimated with arguments about social cohesion, were also justified with the argument that they would improve the country's economic performance. This is substantially different from the justification strategy of the Den Uyl government. In the 1970s, in fact, the output-oriented arguments associated with partisan policies were mainly about the economic conditions that allowed for such expansive measures. The expansive measures introduced in September 1974, for example, were justified with arguments about favourable economic conditions that were due to the revenues deriving from gas reserves. In the case of the Den Uyl government, thus, input- and output-legitimacy were related in a different way.

In this last part of this chapter I look more deeply into the content of both the input-justifications and output-justifications and draw a closer comparison between the two governments.

4.3.1 Input: from the needs of the poor to the quality of society

Figure 4.7 illustrates the distribution of input-justifications among the different sub-categories for the two governments. The height of the columns represent the share of input-justifications I gathered from each case. The darker columns report the percentages of the Den Uyl cabinet, the lighter ones for the Balkenende IV government.

Figure 4.7: Den Uyl vs Balkenende - Content of Input-Justifications



As can be seen, the input-legitimacy of the Den Uyl government rested almost exclusively on the commitment towards redistribution and the needs of specific social categories. Translated into one sentence, this means to redistribute the nation's wealth in favour of the weaker parts of society. In the case of the Balkenende government, instead, input-legitimacy appears to be more variegated as the justifications are more distributed across the categories. The bigger categories are social need and social cohesion. Similarly to the British case, this is indicative of the fact that the Balkenende IV government was committed to the well-functioning of

society in general and it responded to social need according to what was thought necessary to increase social cohesion. At times, this required the Balkenende IV government to formulate more elaborate input-justifications than the Den Uyl government.

The input-justifications of the Den Uyl government, in fact, are often limited to clarifying which social need is being served, implying that it is self-evident why the government serves the needs of certain social groups. Even for last budget of the term in office, the policy attitude of the cabinet with regards to income policy is justified in the following terms:

Het in de afgelopen jaren gevoerde beleid is dan ook met name op de onderkant van de inkomenspyramide gericht geweest. The policy pursued in the previous years has been especially **directed towards the bottom of the income pyramid.**

(Wim Duisenberg, *Miljoenennota*,
September 1977)

Together with a few other similar statements throughout the *Miljoenennota*, this passage functions as a sort of compensatory discourse for the restrictive policies pursued by the cabinet from 1975 onwards. It legitimizes the action of the cabinet throughout the term in office as attentive to the needs of the more vulnerable parts of society. The self-evident way the Den Uyl government justified its responsiveness towards specific social demands becomes also apparent in passages justifying specific measures, like for example the justifications referring to the increase of the government's contribution to the national retirement fund. In the *Miljoenennota's* of the 1970s, this type of expansive measures did not have any further justification. The input-oriented arguments tended to remain centred on the redistributive commitment of transferring resources from the wealthy to the less wealthy.

In the case of the Balkenende IV government, instead, the political responsiveness towards specific social needs is related to the general social policy which in turn is often related to how it contributes to the country's economic performance. The social policy of the government has a very general goal, improving the quality of society, and consists mainly in activating people to be more participative:

*Het kabinet wil de **kracht en de kwaliteit van de samenleving versterken**. Betrokkenheid bij de samenleving vereist meedoen aan die samenleving. Op dit moment staan echter te veel mensen langs de kant, omdat ze geen diploma hebben of omdat hun kennis en vaardigheden niet meer up-to-date zijn. Mensen krijgen te snel het stempel «kansloos». Het kabinet wil deze mensen weer aan het werk helpen.*

The cabinet wants to **strengthen the power and quality of society**. Involvement in society requires participation in that society. At the moment there are too many people standing on the side, because they don't have a diploma or because their knowledge and skills are no longer up-to-date. People consequently get too quickly labeled as "devoid of opportunity". The cabinet wants **to help these people back into work**.

(Wouter Bos, *Miljoenennota*, September 2007)

The general social policy of the cabinet was justified as serving the strength and quality of society. It contained specific measures aimed at (re)integrating outsiders into the labour market. Consequently, the expansive measures that were part of this social agenda were justified according to general societal impact. This argument was also used when justifying the measures that alleviate the effects of the financial crisis:

Door gerichte bestrijding van (jeugd) werkloosheid, extra geld voor onderwijs en stageplaatsen en door de deeltijd-WW worden de maatschappelijke effecten van de crisis verkleind.

Through a targeted fight against (youth) unemployment, extra money for education, internships and the part-time 'WW', **the societal effects of the crisis are being reduced**

(Wouter Bos, *Miljoenennota*, September 2009)

It is interesting to observe how these passages justify a scheme like the part-time 'WW' within a broad argument about *social harmony*. The scheme is in fact a measure through

which the government prevents redundancies by paying part of the salaries of those employees of those employers who are facing a downturn. Even if it is a measure aimed at meeting a particular social need, its framing sits within the discourse about society in general. To make a direct comparison with the Den Uyl government, the increasing expenditures in unemployment benefits and the social work-provisions introduced in the 1974 budget were justified in the following way:

<i>De regering is voornemens met ingang van 1975 de inkomenspositie van oudere langdurig werklozen te verbeteren.</i>	From beginning in 1975, the cabinet intends to improve the income position of the older long-time unemployed.
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<i>De uitgaven voor de sociale werkvoorziening nemen eveneens sterk toe. Het aantal bij een sociale werkplaats geplaatste personen stijgt in het lopende jaar met naar schatting 2500. In de meerjarenafspraken is rekening gehouden met een verdergaande verbetering van de arbeidsvoorwaarden. De rijksuitgaven voor de sociale werk-voorziening zullen in verband met deze ontwikkelingen in de komende jaren boven de 1 miljard uitgroeien.</i>	Expenditures on social work provisions increase strongly as well. The number of people placed in a social work-place increases towards 2500 in the coming year. In the term agreements, we considered the importance of continuously improving working conditions. In relation to these developments, government spending for the social work provisions will grow above 1 billion [guilders] in the coming ears.
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(Wim Duisenberg, *Miljoenennota*,
September 1974)

The measures were justified as being simply presented as the most obvious thing to do, and not as part of a general policy plan. Improving the income position of the long-time unemployed and providing enough funding for the increasing social work places were presented as self-evidently worthwhile and thus in need of no further consideration.

In the case of Balkenende IV, instead, as already shown in previous examples, the measures taken because of the economic crisis – even if they served the needs of those most hard hit by the crisis – had the ultimate aim of keeping or reactivating them in the labour

market. Besides that, they were also presented as being the best option to improve the citizens' purchasing power:

Mensen die hun baan verliezen en aangewezen zijn op een uitkering worden geconfronteerd met een duidelijke achteruitgang van hun inkomen. **People who lose their job and need to live on social benefits are confronted with a considerable reduction in their income.** The purchasing-power measures in taxation and social spending are not sufficient to address these effects. For this reason, many measures of the cabinet are **aimed at the preservation of jobs and the prevention of long-time unemployment.** Especially in times of crisis, this is **the best purchasing-power policy.**

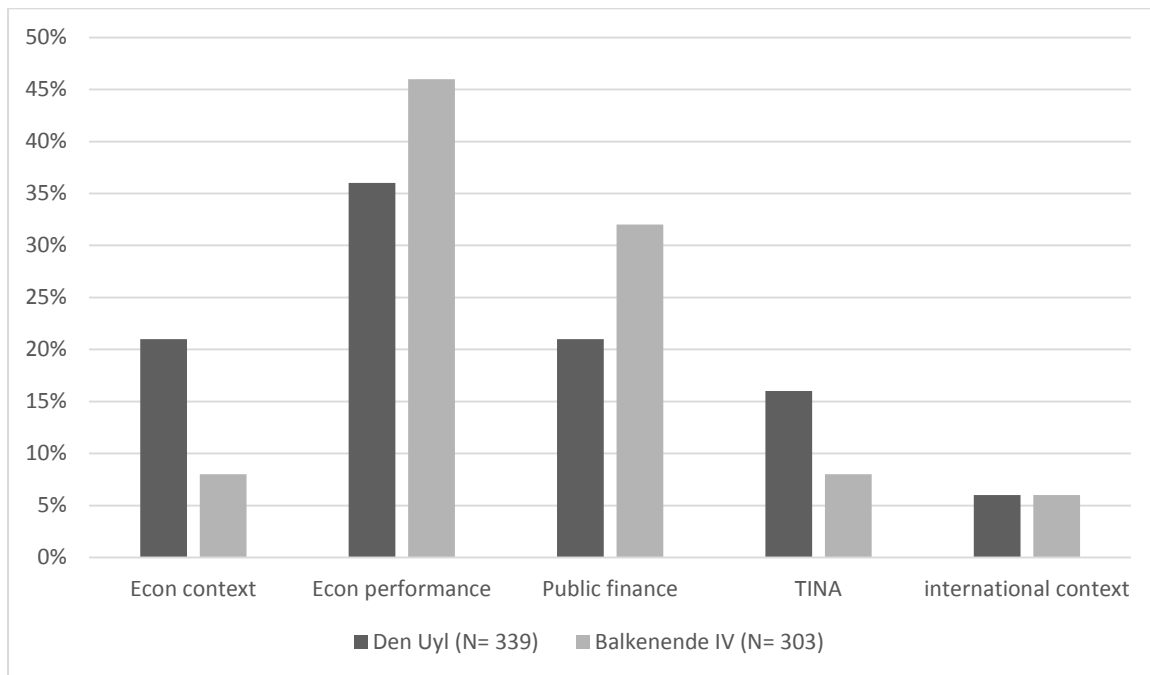
(Wouter Bos, *Miljoenennota*, September 2009)

Besides the difference in content, thus, the two discourses also have a different dynamic. In Wim Duisenberg's discourse the responsiveness towards specific social groups seemed to have no connections to the rest of the cabinet's policy plans. In Wouter Bos' discourse, instead, everything was presented as interrelated and functional to everything else. In the following subsection, I will illustrate how this difference is also present in the output-oriented discourse.

4.3.2 Output: from the current economic context to future performance

Figure 4.8 shows the distribution of output-justifications among the different subcategories for the two governments. Just as in Figure 4.7, the height of the columns indicates the share of each category from the total output-justifications of each government. The darker columns represent the justifications of the Den Uyl cabinet, the lighter ones of Balkenende IV.

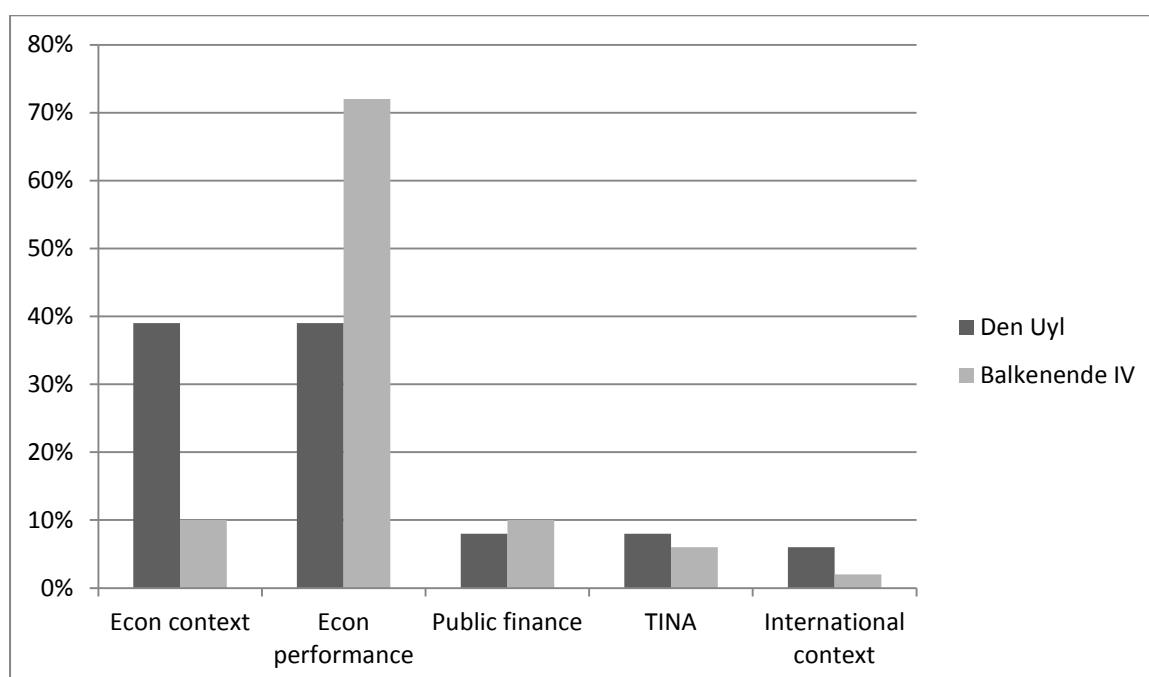
Figure 4.8: Den Uyl vs Balkenende - Content of Output-Justifications



At first glance, the distribution of output-justifications looks relatively similar for the two governments. This similarity is largely because in both cases the government gave a general account of the state of the economy and public finances, and explained how the budget would impact in that context. The most striking finding – again similar to the British case – is that justifications referring to the international context seem to play only a marginal role in both cases.

A slight difference that can however be grasped from Figure 4.8 is that for the Balkenende IV government the arguments about *economic performance* were slightly more than for Den Uyl, whereas for the arguments about the *economic context* the contrary is true. This difference is particularly accentuated for the justifications referring to expansive policies. Figure 4.9 reports the distribution of output-justifications referring exclusively to those policies through which the government pours more financial resources into society or the economy.

Figure 4.9: Den Uyl vs Balkenende - Output-Justifications for Expansive Policies



As already anticipated, under Balkenende IV the responsible justifications for these measures relied heavily on considerations about their impact on the country's economic performance. Under Den Uyl, instead, the minister tried to defend those policies more as appropriate in the given context. For example, the Den Uyl government justified increases in public expenditure in the following way:

<p><i>De Nederlandse economie kent momenteel een aanzienlijke externe speelruimte, volgend jaar nog vergroot door een krachtige stijging van de uitvoerwaarde van aardgas. Daarnaast is er, globaal genomen, ook een zekere ruimte in onze productiecapaciteit. Deze constatering zijn voor het bestedingsbeleid richtinggevend, voorzover het om een keuze gaat tussen wegen met een meer restrictief of een meer expansief accent.</i></p>	<p>The Dutch economy has a <u>considerable external playground</u>, which in the next year will be even more <u>increased by the strong increase of the output value of earth gas</u>. Besides that, overall, <u>there is also some scope in our production-capacity</u>. These observations are guiding for the spending policy, in the extent it is about a policy with a more restrictive or a more expansive accent.</p>
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(Wim Duisenberg, *Miljoenennota*, September 1974)

The positive conditions of the Dutch economy were thus presented as the condition allowing the increases in spending, which would moreover also be financed by revenues derived from gas reserves. As already mentioned, these measures would later be considered as one of the main causes for stagnation in the Dutch economy (*The Economist* 1977).

In the case of the Balkenende IV government, instead, the positive economic situation of 2007 was seen as a condition allowing introduction of unpopular restrictive measures, as outlined in the following passage:

<i>In 2008 grijpt het kabinet de goede economische omstandigheden aan om een aantal minder plezierige maatregelen in te voeren. De timing van deze maatregelen is relatief gunstig: de economie draait goed, het aantal mensen met een baan neemt in snel tempo toe.</i>	In 2008 the cabinet takes the opportunity of the <u>good economic circumstances</u> to introduce a number of less pleasant measures. The timing of these measures is relatively favourable: <u>the economy is going well, the amount of people with a job increases in a fast tempo.</u>
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(Wouter Bos, *Miljoenennota*, September 2007)

The expansive measures, instead, like for example the ones introduced in September 2008, were justified as follows:

<i>De concurrentiekracht en het aanpassingsvermogen worden versterkt door investeringen in onder andere onderwijs en kennis. De bereikbaarheid wordt vergroot door gerichte investeringen in infrastructuur.</i>	The competitiveness and adaptability (of the economy) are being reinforced through investments in, among others, education and knowledge. <u>Accessibility is being enhanced</u> through targeted investments in infrastructure.
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(Wouter Bos, *Miljoenennota*, September 2008)

The same measures that were regularly justified with input-oriented arguments – like for example investments in education – were justified with output-oriented arguments about

improving the country's economic competitiveness. The expansive policies of the Balkenende government, in fact, were always justified on the one hand according to their contribution to society, and on the other on how they would improve the country's economic performance.

Another difference that seems to emerge from the two discourses – and similar again to the British case – is that in the 1970s it seems that the government was confronted with problems it did not expect, whereas in the 2000s the cabinet was constantly thinking ahead. In their third year in office, for example, both governments had to implement restrictive measures. As already described in Subsections 4.1.3 and 4.2.3 these were mainly justified with arguments about the sustainability of public finances, containing occasionally also references to the fact that 'there is no alternative'. The following passage from the *Miljoenennota* of September 1976 is an illustrative example Den Uyl government makes slightly more use of the TINA argument, for example:

<p><i>De regering is overtuigd van de <u>noodzaak het financieringstekort overeenkomstig dit beeld terug te dringen. Een stringent begrotingsbeleid is daartoe noodzakelijk.</u></i></p>	<p>The government is convinced of the <u>necessity to reduce the financing deficit according to this scenario.</u> A stringent budgetary policy is <u>necessary for that purpose.</u></p>
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(Wim Duisenberg, *Miljoenennota*,
September 1976)

This passage followed a presentation of the recent developments of the public deficit, which the government had become convinced was forcing pursuit of a more restrictive policy. From this and similar passages it seems that the need to cut expenditures had almost come as a total surprise to the government. In the case of Wouter Bos, instead, the discourse tends to profile itself as more farsighted. In other words, in the 1970s it seems that the cabinet was running behind the facts, whereas in the 2000s it seemed to be more in control of the future course of public finances. When talking about the issue, in fact, Wouter Bos recurrently refers to long-term goals, as in the following passage:

<p><i>Tevens is van belang om, <u>teneinde op de middellange termijn weer tot gezonde overheidsfinanciën te komen, de inzet van</u></i></p>	<p>To <u>recover healthy public finances for the medium-long term, it also important to reconsider the budget,</u> premium, and tax</p>
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begrotings- en premieuitgaven en expenditures
belastinguitgaven te heroverwegen

(Wouter Bos, *Miljoenennota*, September
2009)

These differences, however, largely reflect a different use of rhetoric. Therefore, they are not only difficult to quantify, but their implications are also difficult to interpret. In Chapter 6, however, I will return to this. By placing these patterns next to the patterns of the other cases, I will provide a deeper insights and indicate several pathways for further investigation of the differences and similarities between the different discourses.

Conclusions and questions

The justifications of the two Dutch governments have proven to be less responsive than their British counterparts, as the Den Uyl government featured less input-justifications than Wilson/Callaghan (31 per cent *vs* 40 per cent), and Balkenende IV less than Brown (38 per cent *vs* 45 per cent). Even if the differences are relatively small, they not only bring some corroboration to the initial idea that coalition governments need to rely more on output-legitimacy than single-party governments, but also gives some extra validity to my classification of input- and output-justifications. At the same time, the Dutch case provides one more disconfirmation of the Mair/Scharpf hypothesis, namely that contemporary governments would feature fewer input-oriented arguments than the 1970s cases. From the numerical aggregation of the justifications, in fact, the Den Uyl government appears to be the least responsive government of my case selection, and the Balkenende IV government appears to be not much more responsible than the Wilson/Callaghan government.

At the same time, however, also in the Dutch comparison I find the same differences in the dynamics of the discourse as in the British case, raising thereby the same type of questions. Should this be merely attributed to the different ideological character of social democrats, or does this signal a different power balance between responsiveness and responsibility? The shift from responsiveness to the needs of specific social groups to the representation of society as a whole, for example, may also be seen as a shift from being responsive towards a *part* to being responsible for the *whole*. In parallel, the continuous juxtapositions in the contemporary discourse of social- and economic-oriented arguments

raises the question of where the emphasis of the overall discourse really is. From the discourse of Wouter Bos it seems that government was being responsive only within the extent to which this was functional to its governmental responsibility. From the discourse of Wim Duisenberg, instead, it seems that the government was ready to be responsive also when this fell outside of the realm of responsibility. From this it could be inferred that, while in the 1970s responsiveness stood as a legitimate criterion of its own, today it needs to be constantly tied up to responsible considerations which in turn may reduce its scope.

Before investigating the extent to which this is actually a true difference between the contemporary and past cases, however, it is useful to get an understanding how non-Labour governments address social issues. Until now I have assumed that social concerns are exclusively related to partisan preferences, without considering that a certain amount of attention to these may actually be part of the government's institutional duties, irrespective of party. In the next chapter, therefore, I try to understand how a government addresses social issues when it has opposite or no partisan preferences in this regard.

Chapter 5

Two benchmark cases

The comparisons laid out in the previous two chapters show a variety of patterns that can be interpreted in different ways. On the one hand, the big picture given by the aggregated percentages of justifications suggests that the predicted shift of balance from ‘responsive’ to ‘responsible’ government has not taken place. On the contrary, if a shift of balance is to be found in that picture, it is one that directly contradicts the Mair/Scharpf hypothesis, as in both the Dutch and British cases contemporary governments have featured slightly more input-oriented justifications than the cases from the 1970s. Overall, however, there is not much difference between the cases, as the larger pattern observed suggests that Labour governments’ justifications are – in roughly one third of instances – input-oriented.

At the same time, another picture has emerged in which the more peculiar characteristics of the content of the justifications may give some justice to the argument according to which Labour parties ‘are more busy governing than representing’ (Mair 2014). The tendency of contemporary governments to serve the needs of society in a more general sense, rather than the needs of particular social groups, may either be seen as an adaption to the changing demands within the electorate as well as a withdrawal from traditional constituencies. Similarly, the fluidity with which contemporary governments alternate input- and output-justifications, compared to the isolation of the input-oriented arguments in the 1970s suggests two things. On the one hand it implies that contemporary governments have found a better way of combining representation and government and, on the other, that today the input-criteria for decision-making are much more subordinated to economic/financial considerations than in the past.

The evidence brought up so far leaves our understanding of the representative performance of social-democratic parties at the same point at which the discussion in the literature has become stuck. In an effort to move on from here, in this chapter I lay the foundations of the argument that I will develop in the final part of this thesis. Interpreting the results of my previous chapters means in essence to establish whether and to what extent there has been a shift from responsive to responsible government. In order to do so, in this chapter I explore how a prototype of a right-wing government and a prototype of a

responsible government have justified their budgetary policies, giving particular attention to the arguments referring to societal problems. By including these prototypes, it is possible to see whether the small over-time changes I observe are actually patterns that tend in a certain direction. The logic I follow is that the more Labour's socially-oriented justifications resemble how a technocratic government talks about society, the more likely that the government has become more responsible. Similarly, considering that neo-liberalism is not about redistribution or social investment, when a neo-liberal government justifies social expenditure it means it is acting according to its governmental duties. Therefore, the more Labour's arguments about social demand resemble those of a neo-liberal government, the more likely that Labour governments have obscured their ideology and have become more responsible.

My prototype right-wing administration is the Thatcher government, which is often considered to be the neo-liberal regime *par excellence* (e.g. Hay 2004) and which vigorously pursued growth in the private sphere at the expense of the public sector. My prototype of a responsible government is the Monti administration, a technocratic executive that was not compelled to 'respond beyond its technical competence', and therefore perfectly fits Sartori's (1976) definition of responsible government. The chapter is divided in two main sections: one discussing the Thatcher government and the other, the Monti administration. Each section begins with an introduction discussing the government's entry to office and its main actions once in government. Each case study comprises two subsections, one describing the executive's general justification strategy and the other looking more deeply at the socially-oriented justifications. After having analyzed these two prototypes, the chapter ends with a deeper reflection on the distinction between partisan and non-partisan discourse, based on the insights provided by the two benchmark cases.

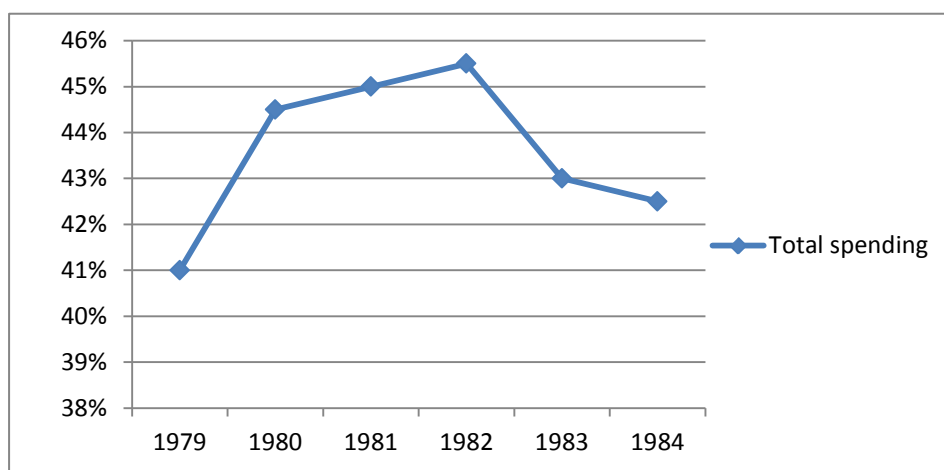
5.1 The Thatcher government

The Conservative party won the British national elections of 1979 on a promise to tackle inflation and bring the country out of its dire economic and financial situation. The recipe for doing so was disciplined monetary policy and a reduction in public spending. The welfare state was part of the program of cuts in public expenditure and became politicized as never before (Krieger 1987). These reductions of public spending were to be compensated – and

justified – with reductions in income tax. The process of expansion of the public sector was thus to be reversed in order revitalize a space for private initiative. Such a move was cast as the best way to enhance Britain’s productive capacity and to restore its prosperity.

Its first years in office, however, were not easy for the Conservative party, as the recession deepened and high unemployment caused public expenditure to rise further. A reversal of this trend came only in 1982–1983. As the country’s economic performance was poor during the first two years of office, the government received harsh criticism for its insistence on lowering direct taxation while increasing consumption taxes. In 1981 the country’s leading economists sent an open letter to the executive, urging it to change policy course with that year’s budget. Nonetheless, under the fierce leadership of Margaret Thatcher, the cabinet stayed on its policy course and with the budget of that year it strongly asserted its ideology. Economic indicators started improving a few months after the delivery of the budget and the fight against inflation – together with the strengthening of the currency – became the main success story of Thatcher’s first term. At the same time, the sharp rise in public spending seen in the first two years of office was contained after 1981. Figure 5.1 illustrates how public spending evolved during the first five years of office.

Figure 5.1: Thatcher – Total Spending (% of GDP)



The political impact of Thatcher’s policy is however not to be grasped in the figures on public expenditure. The changes brought about in the welfare state, in fact, were not so much the result of reductions in expenditure, but were achieved through a restructuring of the composition thereof (Robinson 1986). The main distributive change that was brought by the Thatcher government in the first five years of office, in fact, was in the taxation structure, as

the burden was shifted from direct to indirect taxation (Steinmo 1989). The budgets of the Thatcher government, as in the other cases, were characterized by a mix of expansive and restrictive measures in which the burden of taxation was shifted from one section of society and economy to the other. In the following pages, I will first provide an overview of how these policies were justified, and then look more deeply into the role played by social demand in these justifications.

Because I analysed between the three and five budget speeches per government for the Labour cases, for Thatcher I am focusing on the five budgets delivered between 1979 and 1983 by Chancellor of the Exchequer Geoffrey Howe. The budget speeches were held in spring of each year, and were on average substantially longer than the ones delivered by Denis Healey during the previous Labour government. From Howe's five budget speeches I gathered a total of 880 justification-propositions (in proportion, substantially more than from my Labour cases), with the method described in Chapter 2. As this is only a benchmark case, in this chapter I will not go as deeply in the descriptive findings as I did in the previous two chapters, but I will focus on those aspects that are relevant for the comparison. These are the overall balance between input- and output-legitimacy and the role played by socially-oriented justifications. In what follows I will first characterize how the distinction between input- and output-legitimacy looks for the Conservatives. Then I will present the balance between input- and output-justifications I found for the Thatcher government and provide a few examples. The subsequent subsection will examine Howe's socially-oriented justifications.

5.1.1 Thatcher's input- and output-legitimacy

The input-legitimacy of the Conservative party in 1979 was clearly based on the representation of the interests of the private sector, favouring ownership and entrepreneurship while viewing the free market as the best way to allocate resources (*Conservative Party* 1979). The rise of the 'iron lady' as leader caused some ideological friction within the party, which was mainly about how to reconcile the conservative attachment to tradition with the innovations that would be brought by a neo-liberal economy. With or without these internal conflicts, however, the defence and support of the private sphere remained the primary value shared by the party and its core constituency. This was also the leitmotif during the years of opposition against the Labour government, the welfare expansion policy of which was cast as

undermining the private sphere. Another important ideological value was meritocracy, namely allowing individuals to enjoy the rewards deriving from their successful activities.

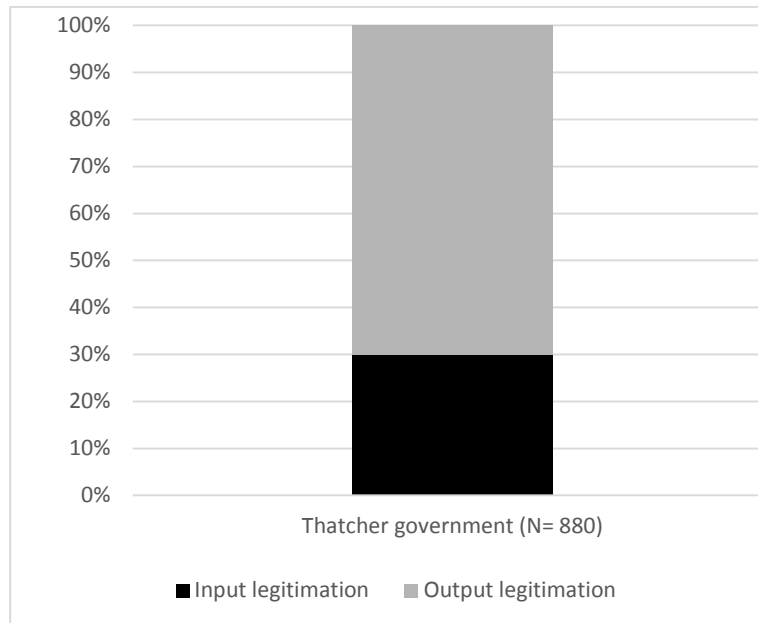
For all this, the party explicitly stood for the stimulation of enterprise and support for business by creating a favourable tax environment. As Thatcher herself asserted to the cabinet in preparation for the 1981 budget, the Conservative party had been elected with the mandate to reduce income tax and help people to purchase a home of their own (*BBC News* 2006). Ownership rights were another important political value, together with the right to pass property from one generation to the other. In short, at the 1979 elections a vote for the Conservatives rather than Labour largely meant more opportunity to own property, more opportunities for new enterprises, and less direct taxation.

The Conservative government therefore expected to be judged on its capacity to deliver economic prosperity and a reduction in the public finance deficit. In office, thus, the major output-oriented concerns were to reduce inflation, decrease interest rates and bring down the Public Sector Borrowing Requirement (PSBR). These policy goals were interrelated as a reduction of the PSBR was the government's main weapon against inflation and to reduce interest rates and thus the cost of borrowing. It is in this context that the famous 'there is no alternative' (TINA) phrase emerged, meaning that the markets were saying that the government could no longer borrow unless it was prepared to pay exceedingly high interest rates (*The Guardian* 2007).

It would therefore be fair to argue that the output-oriented criteria for public policy were actually not that different from those pursued by the previous (Labour) government in the wake of the IMF crisis of 1976. Reducing interest rates, fighting inflation, attentiveness to market pressures, consideration of the international economic situation, reduction in the PSBR and boosting economic productivity were all considered critical during that period as well. As I will elaborate further in the following pages, however, efforts to address questions of social discontent also played (a relatively small) part of the Labour government's output-legitimacy. For a neo-liberal government like Thatcher's, it would be unthinkable to find arguments about social need or social cohesion in its justificatory discourse. Yet as I will show these arguments do appear, albeit much less prominently than in the Labour cases. As it is unlikely that these arguments were meant to justify the cabinet's policies in the eyes of its partisan supporters, I consider them to be addressed to the national audience as a whole, and thus as output-oriented discourse.

Figure 5.2 illustrates the balance between input- and output-oriented justifications contained in the first five budget speeches of the Thatcher government.

Figure 5.2 The Distribution of Justifications (Thatcher Government)



The figure indicates that, according to its justifications, 30 per cent of the government's action is aimed at the expansion of the private sector, and thus follows input-oriented criteria. This proportion is similar to the average proportion of input-justifications for the Labour cases. This pattern occurring across the cases – namely that input-oriented arguments constitute roughly one third of the total justifications – might very well indicate that this is roughly the weight of partisan ideology in governments' legislative discourse. In other cases (e.g. Karremans & Damhuis 2016), in fact, I find similar balances.

As already mentioned, the input-oriented arguments of the Thatcher government were about the expansion of the private sector, stimulating ownership, facilitating the private ownership of houses, creating the conditions for enterprise or meeting the demands of particular businesses. Unsurprisingly, they occurred more often, or even became dominant, when Howe talked about the government's taxation policy. The policies justified with input-oriented arguments were in fact generally tax alleviations through which the government

aimed to incentivize the growth of the private sector and create room for entrepreneurship. The two passages below, for example, justify respectively changes in stamp duty regulation and in capital taxation:

*This change should be widely welcomed. It will (...) **help those who have been saving to buy their first homes**. By the end of this Parliament nearly three out of every five families will own their own homes. This will represent a **significant extension of the property-owning democracy**.*

(Geoffrey Howe, *House of Commons*, 9 March 1982)

*We made it clear in our manifesto that we were determined to make the taxation of capital simpler and less oppressive. (...) The capital transfer tax (...) **is oppressive, harmful to business and a real deterrent to initiative and enterprise**. It is perfectly natural that people should want to **build up capital of their own and pass it on to their children**, and this is **particularly true of the small business proprietor**.*

(Geoffrey Howe, *House of Commons*, 10 June 1979)

These two passages are indicative of both the party's attachment to the principle of property rights as well as of the government's determination to govern in this direction. The two justifications were about changes in the taxation structure – to stamp duty regulation and capital taxation, respectively. The highlighted parts of the text tell the reasons, criteria or origins of those decisions. As can be seen, the justification for the changes in the stamp duty regulation was essentially to favour the acquisition of homes and extend property rights. In the case of changes in capital taxation, the justification was to eliminate measures that were seen as unfavourable to business and enterprise, next to promoting the right to pass property from one generation to the next. As these are the core ideas that distinguish the Conservatives from their political competitors, and therefore also the ideas that are the most politically contestable, I classify these justifications as input-oriented.

When talking about business, however, it is important to distinguish between when the government talks about meeting the *demands* of (small) business(es), like in the passage above, and when it talks about the *performance* of British business more in general. The

former in fact is to be considered input-legitimacy, as it derives from the representation of particular interests, whereas the latter refers to the country's economic performance and is therefore more about the national interest aka output-legitimacy. The following passage, for example, justified a set of measures taken with regards to company taxation:

Our constant concern as a Government has been to improve the competitive environment for businesses and people who work in them. These proposals mark a further major step in that direction

(Geoffrey Howe, *House of Commons*, 15 March 1983)

In this case, the justification referred to the improvement of the environment in which businesses and people work. Consequently, as it is about general national interest, I classified the justification as output-oriented.

Similar to Labour's justifications referring to unemployment and the needs of the unemployed, the justifications of the Thatcher government about the demands and performance of British business also constitute a grey area between input- and output-legitimacy. For both cases I drew the dividing line where the government meets the demands (of the unemployed or of business) vs talks about a more national interest (reducing unemployment or improve the productivity of businesses). Political contestability is in both cases the crucial division between input- and output-legitimacy, because meeting certain demands is likely to create conflict on the very essence of the government's policy goals, whereas pursuing full employment or the flourishing of the country's economic activities are likely to be contested only on the modalities through which those goals are achieved. I will also return to this point in Section 5.3 and Chapter 6.

When justifications referring to business were strictly about the country's economic performance and are not meant to meet particular interests, I classify these as output-oriented. Similarly, the arguments referring to economic productivity, competitiveness or recovery fall under this category. Consequently, similar to the Labour cases, economic performance constitutes the greatest part of the cabinet's output oriented justifications, as the overall judgements on its policy achievements are based on the extent to which they have reversed Britain's economic recession. The general action of the cabinet, in fact, is generally justified with statements such as the following:

This will be a Budget for industry—and so a Budget for jobs. (...) It is a Budget that will strengthen the foundations of economic recovery.

(Geoffrey Howe, *House of Commons*, 9 March 1982)

With this justification, the government basically indicated that it was pursuing the best possible policies for the whole of Britain by working towards the country's economic recovery. This type of argument laid the foundation for the priority given to inflation and the consequent reduction of the PSBR. Avoiding the fight against inflation was regularly presented as a potential self-inflicted tragedy, and therefore a priority to which 'there is no alternative'. The TINA arguments do not appear as often as those about economic performance, and were also not more frequent than for the Wilson/Callaghan government, but were used to make a case for pushing forward certain policies. Below is an example of a justification referring to monetary policy:

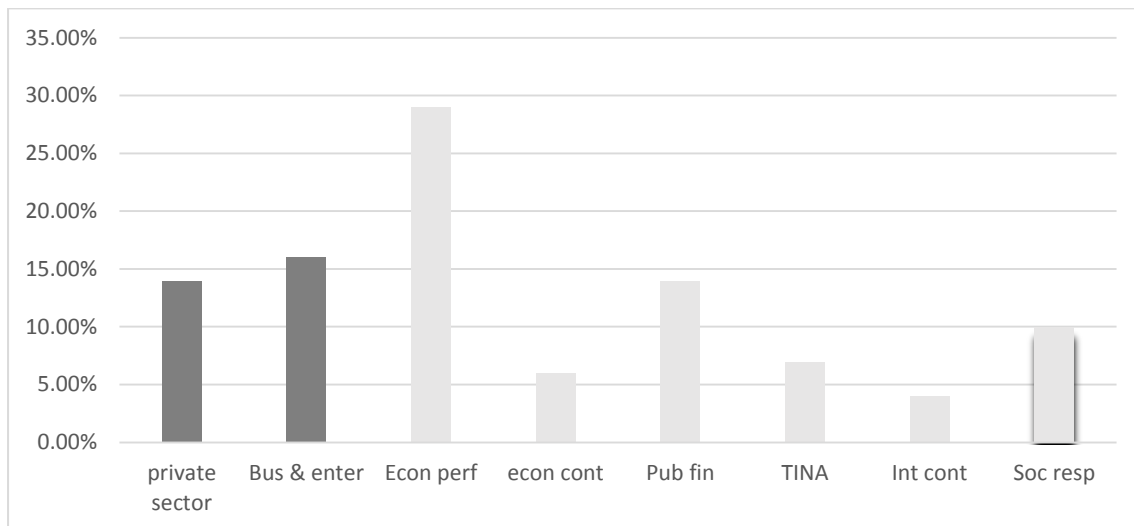
It is an illusion to suppose that there is any real alternative to the strategy that I have outlined. Some commentators seek to blame our present difficulties on the pursuit by Government of unnecessarily tough policies. That is totally to misunderstand the position. Britain's present difficulties are so deep-seated and serious as to make tough policies inescapable.

(Geoffrey Howe, *House of Commons*, 9 March 1982)

This passage constitutes a direct response to the many criticisms the government was facing during the first two years of office. The response was that there was simply no alternative to the policy pursued by the government in order to deal with the difficulties faced by the British economy. The insistence on pursuing the best possible solution is the most defining characteristic of output-legitimacy, and the one that more than others puts the emphasis on the need for technical competence. Other output-oriented justifications are about the (international) economic context, such as arguments explaining how the government's policy would be defined by the given economic circumstances. These arguments were, of course, often accompanied by TINA statements. Besides these, another category of responsible justifications was reflected in arguments referring to the responsibilities the government had towards society. These arguments appeared most frequently in the first two budgets, in which

high unemployment was causing the government to spend significant amounts on social security benefits. These arguments, however, persisted throughout the term in office. Figure 5.3 reports the frequency with which the different types of justifications appeared in the five budget speeches held between 1979 and 1983.

Figure 5.3: Thatcher - Content of Justifications



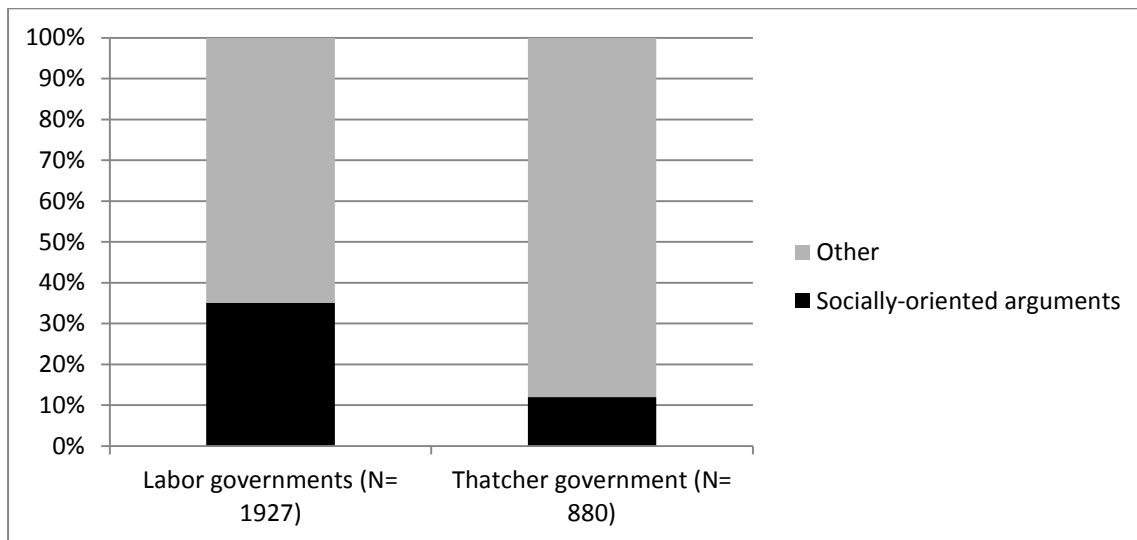
The two dark columns on the left are the input-justifications, with arguments referring to the expansion of the private sector (14 per cent) and the particular needs of businesses and enterprises (16 per cent). The highest column features justifications referring to the country's economic performance (29 per cent). The successive columns are, in order from left to right, justifications about the economic context (6 per cent), public finances (14 per cent), TINA statements (7 per cent), the international context (4 per cent) and the government's social responsibilities (10 per cent). Explaining the specific content and the reason behind the use of the different types of justification is beyond the scope of this chapter. What I want to focus on, for the purpose of this dissertation, is the use of justifications referring to social demands and why the government intended to respond to them.

5.1.2 Thatcher's social responsibility

The justifications referring to societal problems concern, to a considerable extent, the unemployment problems the government was facing and the related social tensions. The more unemployment rises, in fact, the heavier the burden of the social security programs to which the government is committed. Once in existence these programs cannot be cancelled overnight. The first five budget speeches given by Howe, in fact, discuss the issue of social security by emphasizing their cost to the taxpayer, taking at least a quarter of total expenditure. This then leads to a discussion of the need for cuts in this policy area. However, as already mentioned, both the expenditure and the social policy of the Thatcher government are not so much about the introduction of systematic cuts, but more about a gradual restructuring of both the welfare state and public spending in general (Robinson 1986; Pierson 1994). In some cases, we can even observe Howe introducing increases in certain social provisions such as child benefit or benefits for the disabled, widows and pensioners. Also in the case of unemployment benefits Howe did introduce certain increases, as the government was disinclined to excessively cut these provisions. The government, thus, showed an overall attention towards societal problems that did not derive from a neo-liberal ideology. Instead, I argue, this attention derived from the responsibility of the government to maintain a cohesive and a well-functioning society, which in turn was a condition that would incentivize economic performance. Of course it remains the case that for the Thatcher government the amount of attention towards social problems was substantially lower than for the Labour governments I analysed in the previous chapters.

Figure 5.4 compares the average percentage of socially-oriented justifications of the four Labour governments with the percentage from the first five budgets of the Thatcher government.

Figure 5.4: Labour vs Thatcher - Socially-Oriented Justifications



This figure essentially shows the relevance of the partisan composition of government for the proportion of attention given to social problems. Considering that justifications tell us what governments ‘are about’ (Robinson 2005: 51), Figure 5.4 suggests that Labour governments were roughly 35 per cent about dealing with societal problems, whereas the prototypical neo-liberal government was only 12 per cent thus inclined. Speaking more in abstract terms, Figure 5.4 gives an insight in the difference between a government pursuing social policies according to its political will *vs* a government referring to its social responsibilities as part of its institutional duties. The crucial difference is that while for Labour governments socially-oriented arguments coincide with their input-legitimacy, in the case of Thatcher social responsibility is a governmental duty that is not really in line with its ideology, but part of its output-legitimacy. It is for this reason, that for Labour governments the proportion of socially-oriented justifications is more than twice as much as in the Thatcher case.

There are, however, within this relatively clear picture, a few small puzzling elements, the main one being that the Thatcher government also appeared to be particularly sensible to the demands of elderly people. Pensioners, in fact, were an important source of political support for the Tories, just as they were for the Labour party. The justifications referring to the needs of pensioners can therefore also be considered a grey area between input- and output-legitimacy. Overall, however, I classified these arguments as output-oriented justifications, based on the idea that the main commitment of the Thatcher government was to reduce the size of the public sector. I only made an exception in a few cases in which the

argument was more focused on the property rights of elderly people. However, the arguments referring to the needs of pensioners represent only two to three per cent of the total justifications, and therefore the interpretation of them being input- or output-oriented is not crucial for the more general points I am trying to make. These general points are that: 1) a right-wing government gives considerably less attention to social problems than a Labour government but, at the same time; 2) governmental duties compel a right-wing government to focus more on social problems than initially expected.

An interesting aspect of Thatcher's attention towards social problems is also indicated by declines in the frequency of these justifications significantly from the 1981 budget onwards. While these justifications constitute roughly 16 per cent of the total justifications in the first two budget speeches, for the last three budget speeches this percentage falls to around 11 per cent. The 1981 budget, the one with which the government asserted its policy direction, stands as a watershed in this sense. From the discourse, the reason for this appears to be that, during the first two years, the policy legacy received from the previous government had a big impact on how the government dealt with the unemployment problem. It was only with the 1981 budget that the executive was able to give its decisive ideological footprint to the country's budgetary policy. It was thus after 1981 that the restructuring of the government's spending policy started taking shape, together with the shift of burden from direct to indirect taxation and the shift of balance between public and private sphere. Still, however, social responsibility continued to play some role in the government's justification strategy and in its policy-making. In the 1983 budget speech, for example, an increase in child benefits was justified as follows:

It is important for families, and particularly for the low paid. Indeed, it is the benefit which provides the greatest help to many of the poorest families in the country. I refer, of course, to child benefit.

(Geoffrey Howe, *House of Commons*, 15 March 1983)

This statement by Chancellor Howe is very similar to some of the input-oriented justifications of the Labour governments seen in previous chapters. With this statement the government appears to lend the hand to the neediest parts of society, something that is of course not in line with the neo-liberal value of meritocracy.

The statement, however, was embedded in a broader discourse about dealing with unemployment and creating the right incentives for people to get back into work. The following passage introduced the increase in child benefits mentioned above:

There is one other social security benefit to which we attach no less significance. It plays a major part in easing the unemployment trap, and so in our strategy of improving incentives for everyone.

(Geoffrey Howe, *House of Commons*, 15 March 1983)

This justification indicates how the extension of a “helping hand” towards the poorest members of society was in fact part of a strategy aimed at solving a more general problem, namely the unemployment trap. The increase in child in child benefit functions thus as a sort of incentive to low income earners to get activated in the labour market and consequently to become less dependent on social security.

The activation of the unemployed is not the only driver behind Howe’s “helping hand” towards the less fortunate parts of society. Another important motif is the maintenance of a cohesive society. This motif is clearly visible in the first two budgets, in which the Chancellor gradually started speaking of the government’s plans to introduce cuts in public expenditure. When justifying these cuts, besides referring to the need to bring down the PSBR, Howe also asserted the government’s commitment to maintain the protection provided by social security programs to the most vulnerable individuals. The following passage is an excerpt from that discourse:

Social security presents particular problems. This programme has been responsible for three-quarters of the total increase in programmes since 1973–74. This Government, no less than their predecessors, are committed to maintaining a social security structure that protects the weakest and most vulnerable in our society. But social security is now one-quarter of total public expenditure and still growing. It cannot be exempt from measures to restrain its growth where these can reasonably be made.

(Geoffrey Howe, *House of Commons*, 26 March 1980)

The cuts in social security, and public expenditure in general, were thus first presented as inevitable, but at the same time the government explicitly highlights how it does not introduce these cuts indiscriminately, but by taking into account the needs of the vulnerable parts of society or, in other passages, the efficiency of social services. By profiling itself in this way, the government clearly aimed to present itself as a ‘good government’, namely an executive that was taking responsibility by making tough but necessary decisions, while at the same time keeping an eye on social equity. The following passage from the 1980 budget speech is another of the justifications for the measures taken with regards to social spending:

Within the limited resources available, given the other pressures on the social security programme, these decisions represent the best balance between protecting the old, the poor and the needy, strengthening work incentives, and securing fairness as between the taxed and the untaxed.

(Geoffrey Howe, *House of Commons*, 26 March 1980)

By claiming to act ‘within the limited resources available’, Howe profiled himself first of all as a responsible institutional actor that was aware of the availability and limits of the public resources. The crucial word in this justification however is *balance*, signifying that the Chancellor was attentive to the different concerns of the different parts of his audience. In this passage, in fact, Howe stated how the partisan policy in the structure of taxation (‘fairness between the taxed and the untaxed’) would not impede the government in its duties towards ‘the old, the poor and the needy’. In other words, with this passage the Chancellor reassured the audience that the responsive aspects of the government’s policy, namely to incentivize the growth of the private sphere, would be in balance with its responsible duties, namely to maintain a certain level of social unity.

With this type of argument, the government was talking both to the Conservative and the Labour party. The references to the protection of the vulnerable parts of society were a way for the government to try to render its decisions acceptable to the opposition. In the general justification strategy, however, the function of the socially-oriented arguments went even further than that. The attention to a proper balance within society, in fact, served to explain both the preconditions as well as the objectives of partisan policy goals. The

precondition is that a poorly functioning society would lead to an undesirable loss of human resources, which in turn would be harmful for the flourishing of ‘property-owning democracy’. In the neo-liberal ideology, in fact, the creation of wealth is dependent on private initiative and therefore on the development and deployment of human capabilities. Individuals, therefore, must also be in the right environment to make use of their own capabilities. The labour-market policy of the Thatcher government, in fact, was consistently justified along these lines, namely as a way not to lose human resources, as in the following example:

*To have millions of people at a time without work, many of them for long periods, is a tragic loss to any community. To be unable to find work is an affront to **personal self-respect**. This waste of human resources is today the misfortune of many societies besides our own. It is naturally a cause of deep concern to every Member of this House.*

(Geoffrey Howe, *House of Commons*, 9 March 1982)

Important to note from this passage, besides the references to ‘personal self-respect’ and ‘waste of human resources’, are mentions of ‘loss to any community’ and the ‘misfortune of many societies’. These are in fact not only indicative of how the government was concerned with justifying its ideology-driven policies as beneficial to society as a whole. They indicate that the government was also concerned with explaining to the neo-liberal audience that to achieve those policies, it would also have to pay attention to its social commitments, such as helping the unemployed back into work. There is thus a significant interaction between the input-legitimacy based on the stimulation of the growth of the private sphere and the output-oriented concern with society. The cabinet’s income policy of the 1979 budget, for example, was justified along these lines:

*It is much more important to have a successful and prosperous society, and we cannot have a successful and prosperous society without **successful and prosperous individuals***

(Geoffrey Howe, *House of Commons*, 10 June 1979)

What is interesting from this argument is the alternation between the output-oriented references to ‘a successful and prosperous society’ and the input-oriented reference to ‘successful and prosperous individuals’. This shows that the stimulation of the growth of the private sphere was not simply seen as just in itself, but is functional to the creation of a well-functioning society. This way of alternating input- with output-legitimacy comes of course very close to the justification strategies observed for the Brown and Balkenende governments. This is then also one of the issues that I will pick up again at the end of the next chapter.

The social responsibility of the Thatcher government derives from the recognition that a certain level of social cohesion is functional to the development of human resources and therefore will be beneficial in the long run to the country’s economic performance. This recognition induces the government to commit to certain expenditures, or to avoid cuts in certain social provisions. These commitments, however, must not undermine, and therefore be conditional on, the country’s economic and financial recovery. These patterns are relevant for understanding how a responsible government thinks about social policy. To further elaborate on the relevance of these patterns, however, I want to first illustrate how the justification strategy of a technical executive like the Monti government is fully centred on the interaction between the legitimizing principles of economic growth, financial rigor and social equity.

5.2 The Monti government

In November 2011 Mario Monti received a mandate from the Italian head of state Giorgio Napolitano to form a technocratic government that would deal with the country’s critical economic and financial situation. The increasing public deficit and the stagnating economy were urgent matters that required immediate action. The country, moreover, was also under intense pressure to fulfill to its European commitments, which were strictly related to the financial and economic problems, while the political parties did not appear to have the political will to take political responsibility for the necessary measures. Consequently, the solution was to appoint a technocratic government with a mandate to ‘rescue Italy’, backed by the parliamentary support of a coalition between the centre-right and centre-left.

The government thus entered office only and strictly to serve state interests, which at that critical point in time were in some peril. This makes the Monti government an interesting

case for establishing a clearer understanding of the responsive–responsible dilemma from a comparative perspective. In the Monti case – at least theoretically – there was no dilemma, as there was no electoral process that selected the government and consequently there were no electoral preferences to be responsive to. There was therefore no apparent trade-off between voters’ demands and state interests. As Monti himself claimed in front of the Senate on the day of the vote of confidence, his government’s action was going to be solidly founded on a *senso dello stato* – a sense of state-ness (*Repubblica* 2011). This sense of state-ness, moreover, was narrowly related to the responsibility towards Italy’s European partners, as failure to resolve the country’s economic and financial problems would be a disaster for the whole European Union. Consequently, in his discourse Monti recurrently related his ‘sense of state-ness’ to the responsibilities that Italy had as a founding member of the EU and claimed that his actions were going to be strongly grounded in that view.

At the same time, however, in order for its policies to be passed the new technocratic government needed parliamentary support across the political spectrum. The parties supporting the government were the centre-right *Popolo della Libertà* (PdL), the Christian-Democratic *Unione di Centro* (UDC) and the centre-left *Partito Democratico* (PD). Even if the mandate was narrowly restricted to solve the emergency situation, thus, the government also had to be somehow accountable to these parties, and act as a sort of caretaker until new elections, which were scheduled for spring 2013. After a few months in office, however, the political support from both the centre-right and the centre-left gradually started to deteriorate, as the actions of the executive became increasingly politicized both in parliament and in public debates. As a consequence, the government resigned in December 2012 and new elections were held in February 2013.

The relatively short period in office means that there is only one speech from the Monti government that is truly comparable with the budget speeches from the cases analyzed so far. This is the presentation of the *Salva Italia* policy package given on 5 December 2011 in front of the parliament, plus a shorter explanatory session held on 13 December. The package contained a whole set of taxation and expenditure measures that were literally aimed at ‘rescuing’ Italy. The package was drafted behind closed doors by the newly appointed technical ministers, receiving therefore no external influences. The ministers’ expertise and *senso dello stato* were meant to be the only criteria for the decisions. For this reason, the

presentation of this policy package is the ultimate example of the justification strategy of a government that does not respond beyond its technical competences.

5.2.1 The general justification strategy

The priority of the action contained in the *Salva Italia* decree was to get control over the public finances by reducing expenditures and increasing revenues, and to start triggering economic recovery (Marangoni 2012). The main measures were a pension reform that raised the average retirement age and introduced an extension of the contributive system, plus the introduction of a new tax on residential real estate (*IMU*). Next to the measures aimed at financial stability, to stimulate economic recovery the government introduced a tax deduction for productive activities (*IRAP*). Even if the economy and finance were the big drivers behind the policy package, however, the government claimed its actions was founded on the three principles of economic growth, financial rigour and social equity. As with the Thatcher government, thus, the presence of social considerations in the legitimizing discourse is a surprising finding.

In his speech, Monti reconciles all measures contained in the *Salva Italia* decree to at least one of those three principles. The interaction of these three guidelines, as I will show, constitutes the main line of explanation in the presentation of the decree. Table 5.1 summarizes the main interventions contained in the *Salva Italia* policy package and the main legitimizing principle with which they are presented.

Table 5.1: The Salva Italia Decree

Measures	➤ Main legitimizing principle
Deduction of IRAP Fiscal incentives for young people Promote big railway constructions Liberalizations	➤ Economic growth: Increase productivity and competitiveness of the economy
Pension reform Introduction of IMU, tax on house property VAT increase Taxation of capitals previously exempted Cuts to provinces Promotion of electronic payments Selling of public properties	➤ Financial rigour: Reduce public expenditures, increase revenues
Pension reform Taxation of capitals previously exempted Liberalizations (transport system) Fiscal incentives young people	➤ Social equity: render the policy package socially sustainable

As can be seen, economic growth and financial rigour receive the biggest share of attention, as they constitute the main reason for which the government was appointed. The social equity principle, instead, is mainly used to render to policy package socially sustainable. It is partly used to justify measures that meet certain social demands – like for example creating fiscal incentives for young people – and partly to justify unpopular measures like the pension reform, with the argument that everyone needs to pay their fair share.

Categorizing the discourse of a technical government poses of course the question of how to distinguish between input- and output-legitimacy. From a theoretical point of view, the discourse should only be output-oriented, as the executive does not represent any political preference. At the same time, the Monti government had to rely on the support of a wide parliamentary majority (Marangoni & Verzichelli 2015). It could therefore also be counter-argued that the government had also to rely on the input-legitimacy of those parties. While the political support of these parties might have had an influence on the government's action

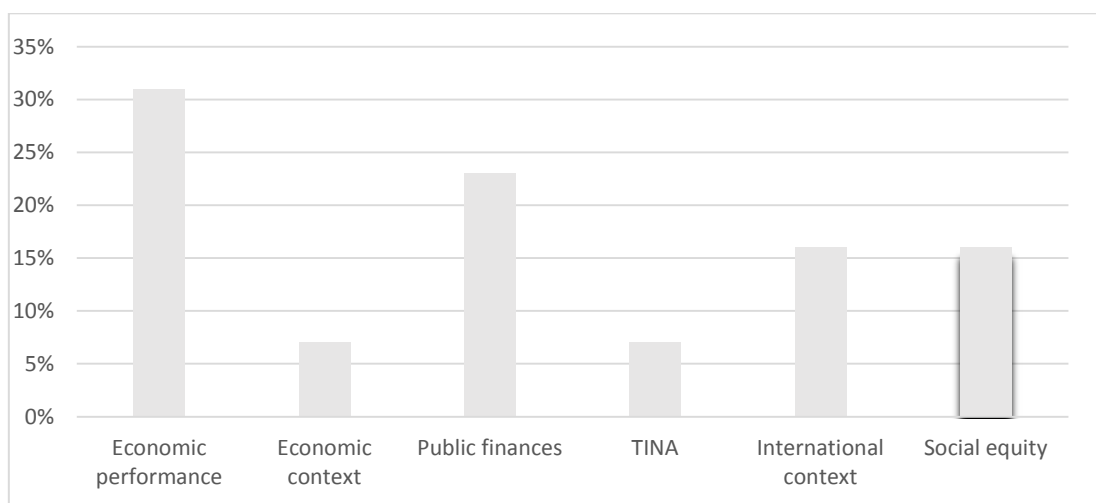
towards the end of the term in office, however, I believe it is unlikely to have done so for the *Salva Italia* decree. As already mentioned, this policy package was put together under strong time pressure and behind closed doors by non-partisan ministers.

Nonetheless, excluding a priori the possibility of the presence of partisan characteristics in Monti's discourse might be misleading. Moreover, as both the centre-right and centre-left supported the government, the potential input-legitimacy would range from references to the interests of the Italian capitalist class to the demands of the low paid.¹¹ As I will show in the following pages, the discourse of Monti occasionally touches upon these different demands, without however addressing them directly. In this section I therefore look at the broad reference categories of the justifications, following the same inductive method described in Section 2.3.2, in order to provide a descriptive overview of the justification strategy of the Monti government. In Section 5.3, instead, I will look more in detail into how the justifications of Monti do not contain the input-oriented characteristics of the Labour and Thatcher cases.

With the same method I also used for the Labour and the Thatcher cases, from the speeches held on 5 and 13 December 2011 in the *Camera dei Deputati* I collected 140 justification propositions (120 from the former, 20 from the latter). Following the inductive method described in Chapter 2, I grouped these into the different reference categories. Figure 5.4 illustrates the distribution of justifications.

¹¹ However, the electoral competition between the centre-right and centre-left for the 2008 elections was mainly symbolic, and on most-salient issues like economic liberalism or welfare the PDL and PD were very close to one another in the center of the dimension of conflict (Karremans, Malet & Morisi *forthcoming*).

*Figure 5.4: Distribution of Justifications (%)*¹²



The height of the columns indicates the percentage of justifications pertaining to each category. From the distribution shown in the figure above, it can clearly be seen that economic performance and public finances constitute the main legitimizing principles, with respectively a share of 31 per cent and 23 per cent of the total justification propositions. The justifications referring to the economic (7 per cent) and international context (16 per cent), together with the TINA statements (7 per cent), serve as a reinforcement of the general discourse about what needs to be done for the economic and financial recovery. The justifications to social equity, instead, serve to express the awareness of the government for the social consequences of its actions.

The overall decree, as its name suggests, is justified strictly along the lines of what the government has to do in order to ‘rescue Italy’. An important feature of Monti’s justification strategy, in fact, is to highlight the dramatic consequences of what would happen if the government would take the measures contained in the *Salva Italia* decree. The passage below, for example, justifies the policy-package as a whole:

Se l’Italia non fosse capace di invertire la spirale negativa di crescita del debito, If Italy is not able to reverse the negative spiral of the growing debt and to win back

¹² N= 140

restituendo così fiducia ai mercati internazionali, si determinerebbero conseguenze drammatiche, che potrebbero spingersi fino a mettere a rischio la stessa sopravvivenza della moneta comune e a colpire al cuore il processo di integrazione europea avviato sessant'anni fa con i Trattati di Roma. La crisi dell'Unione monetaria avrebbe a sua volta conseguenze gravemente destabilizzanti per l'intera economia mondiale; in questo momento, come mai prima di oggi, gli sguardi dell'Europa e del mondo sono concentrati sul l'Italia, su quest'Aula.

the trust of international markets, dramatic consequences would follow and these could even endanger the survival of the common currency and hit at the heart of the process of European integration that started sixty years ago with the Treaty of Rome. The crisis of the monetary union, in turn, would have critically destabilizing consequences for the entire world economy. At this moment, as never before, the eyes of Europe and the world are concentrated on Italy and on this Chamber.

(Mario Monti, *Camera dei Deputati*, 5 December 2011)

The emphasis on dramatic scenarios such as the ‘negative spiral of the growing debt’ or the ‘destabilizing consequences for the whole world economy’ evoked the suggestion that there was no alternative to the policy package. Monti also reminded the audience that the recovery of the public finances was also particularly important for the image that Italy gives of itself towards the rest of the world, suggesting that it could only give a positive image by effectively implementing the necessary measures.

The discourse continued by elaborating on how the need of recovering the public finances derived first of all from European commitments. Monti also warned about the necessity to avoid the country falling in the same dramatic way as Greece. The references to the economic context and the role of Italy in Europe serve as an introduction to the measures that are going to be announced, evoking the idea that ‘there is no alternative’. After having elaborated on the necessity of the measures, Monti introduced the principles that inspired the drafting of the actual policy package. These principles constituted the backbone of Monti’s justification strategy. The following passage provides another accurate representation of the general justification strategy for the different measures contained in the *Salva Italia* decree:

*La filosofia complessiva degli interventi è ispirata a tre principi che ho sottoposto alla vostra attenzione e che quindi vedo come la base stessa della fiducia che avete accordato al nostro Governo in occasione delle dichiarazioni programmatiche: il rigore, l'equità e lo sviluppo. Naturalmente c'è un forte legame tra queste direttrici: **non c'è crescita, né benessere senza una finanza pubblica sana e sostenibile, senza equità, senza un comune sentire e una partecipazione allo sforzo necessario per uscire dalla grave crisi attuale. Il rigore, che impone sacrifici al Paese, rappresenta il presupposto essenziale per l'equità e, al tempo stesso, il volano per lo sviluppo.***

The overall philosophy of the interventions is inspired by three principles that I have brought to your attention and that I therefore see as the basis of the trust you have given to our Government on the occasion of the programmatic declarations: rigour, equity and development. Naturally, there is a strong connection between these guidelines: there is no growth nor wealth without healthy and sustainable public finances, without equity, without a common understanding and participation in the necessary effort of exiting from the critical contemporary crisis. Rigour, which imposes sacrifices on the country, represents the essential premise for equity and, at the same time, the engine for development.

(Mario Monti, *Camera dei Deputati*, 5 December 2011)

The three principles cover all aspects of budgetary policy, as they allowed Monti to justify the different measures according to either economic, financial or social considerations. The measures that served the purpose of reducing the public deficit, for example, could be justified as being necessary for either economic growth or social justice. Similarly, measures that were aimed at stimulating the economy could be justified with the argument that they would ensure tax revenues in the future. Important to note is how Monti emphasized the interrelation between the three principles that guided the government's action. It is in fact this interrelation that constituted the backbone of the justification strategy, as it allowed the government to preventively defend the measures from any sort of criticism they might have received. Interesting to see, thus, is that the measures aimed at economic and financial recovery, needed to be justified also with the principle of social equity. While the mandate of

the government was essentially about economic and financial recovery, the relative importance given to equity is indeed puzzling. In the next subsection I will therefore analyse this specific aspect of the justification strategy more deeply.

5.2.2 The role of social equity in the discourse

The share of attention given to social considerations raises the question of whether it indicates that the government was somehow being responsive to the political preferences of the parties from which it received support in the parliament. At the same time, it also raises the question of whether a certain amount of attention towards societal issues is just part and parcel of governmental responsibilities. In a variety of ways, the justifications towards social equity are comparable to the above-described social responsibility of the Thatcher government. In both cases, in fact, the attention given to social considerations is less than half that given by the typical Labour government. From this perspective, it could be argued that – for a government that does not respond beyond its technical competences – 15 per cent is roughly the proportion of attention that it is given to social issues. Qualitatively speaking, moreover, the socially-oriented justifications of the two non-Labour governments feature some remarkable parallels.

The socially-sensitive justifications of the Monti government, in fact, were to a considerable extent about making the harsh measures of the *Salva Italia* decree acceptable to the average Italian taxpayer. In other words, these justifications served to soften the harshness of the measures contained in the policy package. This does not mean that with these arguments the government was seeking *support* from the average taxpayer. On the contrary, these arguments seem rather to be messages to the policy-implementers about how to avoid excessive negative social consequences. An important concept that the government uses in this regard is that of ‘social sustainability’, like for example in the passage below:

Riforme di grande portata sono possibili e Big reforms are only possible and socially
socialmente sostenibili *solo se basate su* sustainable when based on a fair distribution
un’equa ripartizione dei sacrifici *e su una* of the sacrifices and on a balanced choice of
scelta equilibrata delle materie sulle quali the areas on which to intervene. Rigor,

intervenire. Rigore, crescita ed equità sono i tre pilastri sui quali intendiamo fare leva e che hanno ispirato il provvedimento di ieri. growth and equity are the three pillars on the basis which we intend to work and that have inspired the measures taken yesterday.

(Mario Monti, *Camera dei Deputati*, 5 December 2011)

The reference to ‘social sustainability’ presumes that the effective implementation of the measures contained in the policy package requires a certain level of social consent, which is dependent on a relatively fair distribution of the burden. The role of the equity-principle in the overall discourse revolves consequently largely around this idea.

Equity essentially means that the sacrifices asked by Monti to the Italian taxpayers were expected to be fairly distributed among the different social and economic areas. Without this fair distribution, the pursuit of reform contained in the decree would not have been socially sustainable and therefore not possible. Similar to the case of the Thatcher government, we see again the notion of functionality, meaning that a certain set of justifications had a specific function in the overall justification strategy. ‘Equity’, in fact, was functional to ‘social sustainability’, which in turn was functional to the effective implementation of the government’s policy. Rendering the policy socially sustainable meant in other words avoiding that excessive social tensions that might otherwise arise from the measures. Consequently, the references to equity are for the most part associated with the ‘fair distribution of sacrifice’, like in the passage below:

Nel chiedere forti sacrifici, non intendo, né intenderò mai, minimizzare l’entità di ciò che chiediamo agli italiani: si tratta di forti sacrifici, ma temporanei, circoscritti e distribuiti in modo, riteniamo, equo, che sono essenziali per doppiare questo capo molto difficile della nostra vita economica e sociale. When asking great sacrifices, I don’t intend, nor will I ever intend to minimize that which we are asking of the Italian people: it’s about strong but temporary sacrifices, circumscribed and, we think, distributed in a fair way, and that will help us get through this very difficult moment of our economic and social life.

(Mario Monti, *Camera dei Deputati*, 5 December 2011)

In this passage the government profiled itself as compassionate and aware of the harshness of the measures it was proposing. It thereby put on display both its technical competence in taking the necessary decisions as well its social awareness to distribute the burden fairly. Significant in this passage is that, where the government generally spoke of the country's difficult 'economic and financial circumstances', in this case it spoke also of a difficult moment of the country's 'economic and social life'. It is with this rhetoric that the government tried to profile itself as aware of the implications of its policies, and therefore as fully competent in making the right decisions in the given circumstances. The purpose of this subtle change of terminology was again to highlight the importance the government had given to fairness when introducing the necessary 'sacrifices'. Again, the function of this rhetoric was to render the policy 'socially sustainable' and was regularly associated with the more unpopular measures, such as the pension reform.

The references to social equity served not only to defend to distribution of *sacrifices*, but also to justify other types of policies in a broader perspective. For example, the equity principle was also used fairly often when talking about liberalizations in sectors such as the transport system or for measures that would facilitate the employability of young people. These measures had the main purpose of stimulating economic recovery. Nonetheless, the equity principle also served to justify these policies by highlighting how they would increase social dynamism and create new opportunities in the labour market. As young people are the greatest losers of the status quo in Italian society and economy (Ginsborg & Asquer 2011), the government's action was directed at creating opportunities for them. In these cases, thus, the justifications were not very different from Thatcher's arguments about not wasting human resources:

<p><i>In termini di <u>equità</u>, l'intervento elimina il favore verso l'indebitamento <u>come fonte di finanziamento delle imprese</u>, con <u>una specifica clausola di favore per l'impiego di giovani e di donne</u>.</i></p>	<p>In terms of <u>equity</u>, the intervention eliminates the bias in favour of debt as a <u>source of finance for enterprises</u>, with a <u>specific provision that favours the employment of young people and women</u></p>
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(Mario Monti, *Camera dei Deputati*, 5

Similar to Thatcher, in fact, the discourse about facilitating the employability of young people and women was narrowly related to the discourse on economic recovery. This counts also for the broader use of the social equity principle. Next to the notion of *social sustainability*, in fact, a *fair* distribution of the *sacrifices* meant also avoiding excessive harm to those factors of production that were essential for the country's economic performance. This strong interrelation between the three legitimizing principles allowed the government to justify its policies from different perspectives. The taxation of capital, for example, was justified with all three legitimizing principles. It was presented as necessary for the public finances, as a fair distribution of the burden, and also as functional to the economic recovery. Below is an example of the latter case:

<i>Il Governo si è posto il problema dell'introduzione di una tassazione del patrimonio e della ricchezza, per evitare che a pagare lo sforzo dell'emergenza fossero soprattutto i redditi e i fattori della produzione, che abbiamo il dovere di rilanciare con tutte le nostre forze</i>	The government posed the problem of introducing a tax on assets and wealth, in order to <u>avoid that the greatest share of the burden would be paid out of income and the factors of production, which we have the duty to forcefully support.</u>
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(Mario Monti, *Camera dei Deputati*, 13

December 2011)

This particular justification is similar to the redistributive discourse of Labour governments, as it is essentially about shifting taxation from the factors of production to capital. The partial shift of the burden, however, is not so much just because it is 'fair', but because it is first of all functional to the country's economic recovery. The government has thus pursued social equity within the limits posed by what is essential for recovery of the economy and public finances. For the most part of the justification discourse, thus, social equity remained conditional and subordinated to the other two legitimizing principles.

In a few instances, however, attention to social issues became an objective in itself. As social sustainability was seen as a necessary precondition for the executive to achieve the

effective implementation of the policy package, it had also to be to some degree attentive to highly salient social demands. In 2011, within Italian civil society these were tax evasion and the exorbitant *costi della politica* ('the cost of politics')(Ginsborg & Asquer 2011). Consequently, a small but significant part of the *Salva Italia* decree was sensitive to these issues:

<i>Sempre avendo a cuore gli <u>obiettivi di equità sociale</u>, è stato deliberato un intervento (...) per i capitali fatti rientrare in Italia con il cosiddetto scudo fiscale</i>	Taking into high consideration the <u>objectives of social equity</u> , an intervention has been deliberated for the capital that was brought back in Italy under the so-called tax shield.
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<i><u>Equità significa anche dare voce alla domanda sociale di una drastica riduzione dei costi della politica.</u></i>	<u>Equity means giving voice to the social demand</u> of a drastic reduction in the costs of government.
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(Mario Monti, *Camera dei Deputati*, 5
December 2011)

The first passage is about the proposal to tax capital that, under the Berlusconi government, had been allowed to re-enter Italy from Switzerland without being taxed. This proposal thus addressed social complaints about the unfair distribution of the burden of taxation. The second passage introduced a series of small measures that were aimed at signalling responsiveness towards the social complaints about the cost of government. Thus, for example, ministers agreed to forego a part of the financial compensation to which they were legally entitled. The proposal to amalgamate provincial administrations is also partly part of this discourse. The commitment to 'social sustainability' thus, induced the government to respond also to some specific demands that were highly politically salient at the moment the policy package was put forward. From this, it appears that the government perceived that it was part of its duty not to create excessive social discontent and to maintain a certain level of social cohesion.

The role of social equity discourse in the overall justification strategy of the Monti government is thus relatively clear. The main purpose was as a serve of 'jam' for the 'pill' Italian taxpayers were expected to swallow in the *Salva Italia* decree. In this sense, among

the three ‘pillars’ of the justification strategy, social equity is clearly functional and subordinated to economic growth and financial rigour. With these justifications, Monti profiled himself as the chief of a ‘good’ government that would take the necessary painful decisions, and at the same time keep an eye social equity. To a limited extent, it appears also that, even in the most critical circumstances, a technocratic government must remain partly concerned with societal matters. The justifications evoking these concerns, however, are significantly different from the input-justifications of Labour governments.

5.3 Partisan and institutional discourse: a further distinction

The purpose of this side-path into the justification strategies of a neo-liberal and a technical government has been to get deeper insights into if and how a non-Labour government would address social issues. The main finding emerging from the analysis of these two benchmark cases is that social cohesion and social justice may indeed play a relatively significant role in the justification strategies of non-Labour governments. For both prototypes of a neo-liberal and technical government, in fact, the percentage of justifications referring to these themes tends to be around 15 per cent. At the same time, however, the findings also underline the relevance of the partisan composition of government. Both the Monti and Thatcher government, in fact, feature less than half of the average share of socially-oriented justifications found in the Labour cases. The overall story emerging from these findings is that, while it is part of the duties of a responsible government to give a certain amount of attention to social demand, it is the input-legitimacy of the left-wing party that may make this amount substantially higher than it is for other governments.

This suggests, however, that part of the input-oriented discourse found in the Labour cases actually constitutes a grey area between the responsiveness towards partisan ideology and the institutional responsibilities of government. The analysis of the socially-oriented justifications of the technical and neo-liberal governments is therefore helpful to identify that area. The samples brought up so far, however, only indicate that this grey area does not perfectly coincide with the subcategories I use. In other words, it is not the case that the justifications referring to the general functioning of society necessarily belong to governmental responsibilities, or that the responsiveness towards specific social needs would never be found in non-Labour governments. It is however true that references to the general

functioning of society are more likely to be associated with governmental responsibilities, and that responsiveness towards particular interests is more likely to be indicative of the partisanship of the government.

In this section I will play with these ideas a bit further, trying to grasp a deeper difference between partisan and non-partisan discourse. I start by reflecting on how the discourse of the Thatcher government shows that there is a deeper difference between input- and output-oriented justifications. In the second sub-section I build further on this deeper distinction and look at how the discourse of Monti is different from all the partisan governments analysed so far.

5.3.1 Lessons from the Thatcher case

Considering the reputation of the Thatcher government as the historical champion of welfare state retrenchment and reduction of public service provision (Pierson 1994), the 12 per cent of Geoffrey Howe's discourse referring to social issues is an extremely surprising finding. Not only is this discourse in contrast with the sharp ends of the governing party's ideology, but it actually speaks to the demands of those same sections of society addressed by Labour. The difference, however, is that while for Labour meeting the demands of the lower paid is a goal in itself, under Thatcher meeting those demands was functional and part of a broader policy strategy. A deeper difference that therefore seems to emerge between partisan and institutional discourse, is that in the former the responsiveness towards a *part* of society can be presented as being just in itself, whereas in the latter serving a *part* can only be justified when it is functional to the *whole*.

This difference holds for both sides of the socio-political spectrum. As already mentioned in Subsection 5.2.1, when creating the distinction between input- and output-legitimacy for the Thatcher government, a similar grey area emerged within those justifications referring to the prosperity of business. These justifications were related to both the country's economic objectives, as well as the party's commitment to growth of the private sector. As already described, I drew the dividing line where the Chancellor talked about meeting specific demands of businesses and where he talked about business more in general. This distinction, consequently, also entailed a differentiation between meeting business' demands as a goal of its own and meeting business' demands in order to improve the

country's wellbeing. The following two passages – justifying the government's measures with regards to the taxation of oil exploration – illustrate how these two criteria would sometimes be easily distinguishable, and other times highly blurred:

*The Government's objective in taxing North Sea oil operations must be to strike a balance between the nation's claim to a share in the profits from this national resource and **the right of those engaged in the risky business of oil exploration and development to a fair return on their efforts.***

(Geoffrey Howe, *House of Commons*, 26 March 1980)

*I believe that my proposals will **provide the industry with the right fiscal incentives** for the further successful development of the country's North Sea resources.*

(Geoffrey Howe, *House of Commons*, 15 March 1983)

Both passages justified measures that were aimed at creating a favourable tax-environment for those businesses that are engaged with the oil-exploration activities. In both cases, thus, the policy spoke very much to the Conservative party's input-legitimacy. The two passages, however, differ strongly on how the input-oriented criteria are related to the output-oriented criteria to contribute to the country's general wealth.

The first passage justified the taxation policy as both functional to the output-oriented criterion of creating revenues for the public finances, as well as with the input-oriented criterion of rewarding the merits of particular businesses. The first criterion is output-oriented because it is about letting the collective benefit from the activities of those businesses. The second criterion is input-oriented because it is about the party's commitment to valuing meritocracy, according to which entrepreneurial activities should be fairly rewarded. The two criteria were presented as equally important but – as one is about serving the *whole* and the other is about meeting the demands of a *part* – they tend to be in contrast with one another. Consequently, the government tries to find a balance between the two.

In the second passage, instead, the fiscal incentives for the industries involved in oil exploration were justified as functional to a 'successful development of the country's North

Sea resources'. In this case, the benefits towards the businesses involved with the oil-exploration are not justified as just per se, but as part of the strategy to make the best possible use of the country's resource, and thereby to improve the country's economic performance. The two policy objectives – creating fiscal incentives for industries and make full use of the natural resources – are thus not presented as in contrast with one another, but rather as mutually reinforcing.

In the two passages, thus, the Chancellor was moving on the borderline between input- and output-legitimacy. In the first passage, however, these were two very distinct criteria that were equally important. In the second one, instead, they were strongly interrelated but the ultimate emphasis was on the output-oriented criterion of successfully using the country's resources.

This comparison suggests that discourse must also be differentiated on the dynamic of the argument. More particularly, a distinction must be made between a justification discourse that sees input-legitimacy as an ultimate goal and discourse that sees input-legitimacy as merely a function of creating more output-legitimacy. Next to the simple categorization of discourse, thus, a distinction must also be made in the dynamics of the argument. In partisan discourse, in fact, the dynamics of the discourse may at times clearly point solely to the demands of a *part*, which may be equally or even more important than the needs of the *whole*. When Geoffrey Howe talked about social issues, for example, the justifications were always made in relation to the general policy goals of the government. Meeting certain demands of the unemployed, for example, would never have been presented as equally important to the country's need to restore public finances or recover the economy. When the Chancellor talked about the private sector instead –thus relying on input-legitimacy – the policies might have been presented as just in themselves and equally important as the country's financial and economic objectives.

In institutional discourse, instead, this cannot be so. In the case of Monti, in fact, everything was put as functional to the economy and financial stability. In the next subsection I will argue that in institutional discourse particular interests do not play a defining role in the overall discourse, but only a within the requirements of the policies pursued by the government. It is this characteristic, I argue, that clearly differentiates Monti's discourse from the justifications of both the Labour and Thatcher cases.

5.3.2 Lessons from the Monti case

From a theoretical point of view, a technocratic government should not feature any input-justifications or, in other words, any justification that reflects partisan preferences. In principle, thus, all justifications given by a technocratic government should by definition be output-oriented, as there is no democratic mandate or electoral platform undergirding its policies. In the case of Monti, however, it can be argued that the democratic mandate inhered in the support his cabinet received from the parties in parliament. From this perspective, those justifications that were in line with the representative characteristics of the parties supporting the cabinet should be classified as input-oriented. Following this logic, the justifications referring to ‘social equity’ could be considered as responsive to the ideological preferences of the centre-left *Partito Democratico*, which was the second-largest party supporting the government.

In the previous sections I have however shown how socially-oriented justifications may play an important role in the government’s discourse even it doesn’t need to rely on the support of a leftist party, as in the Thatcher case. As a matter of fact, the socially-oriented arguments of the Monti and Thatcher governments have many points in common, the main one being that these arguments only play a functional role in the overall justification strategy. In both cases, social equity is not a goal in itself, and would never hinder it from achieving its economic and financial goals.

For the Monti government, moreover, this characteristic of the discourse holds also for the justifications referring to other side of the socio-political spectrum, namely the needs of private enterprises. Differently from the Thatcher government, in fact, the Monti government never spoke of the demands of the Italian private sector as a goal in itself. The demands of Italian businesses were only referred to in light of the larger argument about the country’s economic performance. The *IRAP* tax, for example – a measure introduced to incentivize entrepreneurial activity – was justified in the following way:

<i>Nel decreto-legge sono previsti provvedimenti concreti che mirano a raggiungere risultati in materia di sostegno della competitività delle imprese: solidità,</i>	The decree contains concrete measures that aim to achieve results with regards to <u>support to the competitiveness of enterprises: solidity, capitalization, internationalization of</u>
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capitalizzazione, internazionalizzazione delle imprese, creazione di posti di lavoro. Gli interventi di urgenza saranno, tuttavia, presto ricompresi nel quadro di un intervento sistematico a favore della competitività del sistema Paese the enterprises, the creation of workplaces. The urgency-measures, however, will soon be encompassed in a broader systematic intervention that will favour the competitiveness of the country as a whole.

(Mario Monti, *Camera dei Deputati*, 5 December 2011)

A measure that could have easily been framed as responsive to the demands of business, was solidly framed within the output-oriented discourse about the country's economic performance, as the competitiveness of individual business was presented as beneficial for the competitiveness of the country as a whole. Due to the technicality of the discourse, some passages might have referred specifically to the needs of enterprises, but the emphasis still clearly remained on the overall economic performance of the country, like in the passage below:

Viene altresì anticipata dalla delega fiscale l'introduzione del meccanismo cosiddetto ACE, che attua una riduzione delle imposte sugli utili commisurata al rendimento del nuovo capitale immesso nell'impresa. Tale intervento ha lo scopo di spingere le imprese a raccogliere capitale, riducendone il costo e accrescendo così la capitalizzazione del sistema produttivo. From the fiscal delegation, we also anticipate the introduction of the so-called ACE mechanism, which reduces taxes on profits, measured by the return on new capital injected in the enterprise. This intervention aims to stimulate companies to raise capital, reducing thereby its cost and improving the capitalization of the productive system.

(Mario Monti, *Camera dei Deputati*, 5 December 2011)

Also in the case, the support given to enterprises was framed within the discourse about the productivity of the country. With these arguments, the government also justified its much-criticized support to the Italian banks (*EU Observer* 2013).

When looking at the dynamic of Monti's discourse, thus, many patterns can be found that largely confirm my deductive characterization of output-legitimacy developed in Chapter 2 (Subsection 2.3.1, Table 2.1). The discourse set the national interest up front and used external circumstances – in this case the economic crisis – as the main legitimizing criterion behind the policy-decisions. The discourse, consequently, emphasized the necessity of the actions the government pursued and tended to be defensive, in the sense that it did not take sides with particular interests but kept the focus on the country's economic and financial goals. What Monti's discourse did not feature, in fact, were references to societal interests as the main legitimizing principle behind policy. Whereas both Labour and Thatcher governments consistently dedicated part of the discourse to those sections of society from whom they received political support, in Monti's discourse this was not the case. The government tried to profile itself as *super-partes*, siding neither with enterprises, the unemployed, or any other socio-economic category.

This distinction between the discourse of Monti and those of partisan governments, however, is not fully captured by the numerical categorization of the justification references. The discourse in fact does feature some references to for example enterprises and the needs of young people. Even though these are substantially less than in the case of a partisan government, what renders these references different is their embedment in the overall discourse. In the next chapter, therefore, I will look again at the over-time differences found for my Labour cases on the basis of lessons learned from the Thatcher and Monti cases.

The changing dynamics between responsiveness and responsibility

Even if they don't succeed in providing a straightforward answer, the findings presented so far do shed new light on relevant questions about contemporary governing parties' responsiveness. Most importantly, they seem to touch upon mechanisms that are highlighted by both sides of the debate. On the one hand, the numerical balances between input- and output-justifications indicate that, in the post-industrial world as well, partisan identity has a considerable influence on how governments approach policy-making. At the same time, the insights about the over-time differences in the juxtapositions of partisan and institutional discourse suggest that something indeed has changed in the way in which political responsiveness and governmental responsibility are combined. A further interpretation – and weighing – of these findings would therefore constitute an important contribution to the discussion.

Picking up from the insights presented in Chapter 5, in this chapter I am going to look comparatively at how – and to what extent – input- output-justifications are interrelated in the Labour cases, and reflect on how to interpret the overtime differences. In the previous chapter I made the case that when the justifications referring to social issues are strongly embedded in a broader discourse about the national economic goals, these are very likely to signal the policy-attitude of a 'responsible' rather than a 'responsive' government. In this chapter, I will problematize this insight against the claim that a closer interrelation between social and economic goals has also been part of Labour's ideological transformation. Subsequently I will discuss whether my findings speak more to theories about changing or declining responsiveness.

In Section 6.1, I first present clear evidence that in the contemporary cases the input-oriented claims have been much more related to the overall output-oriented discourse than in the past. On top of that, I will show that in the 1970s cases the input-justifications appeared as clearly distinct, whereas in the 2000s the partisan and institutional considerations have been strongly intertwined and often barely distinguishable. This variation, I argue, is the strongest over-time difference I have found in my comparison. Rather than directly corroborating or disconfirming the Mair/Scharpf hypothesis about the over-time decline of

responsive government, however, this evidence still raises the question of whether we can infer from this that recent governments rely more on output-legitimacy than in the past.

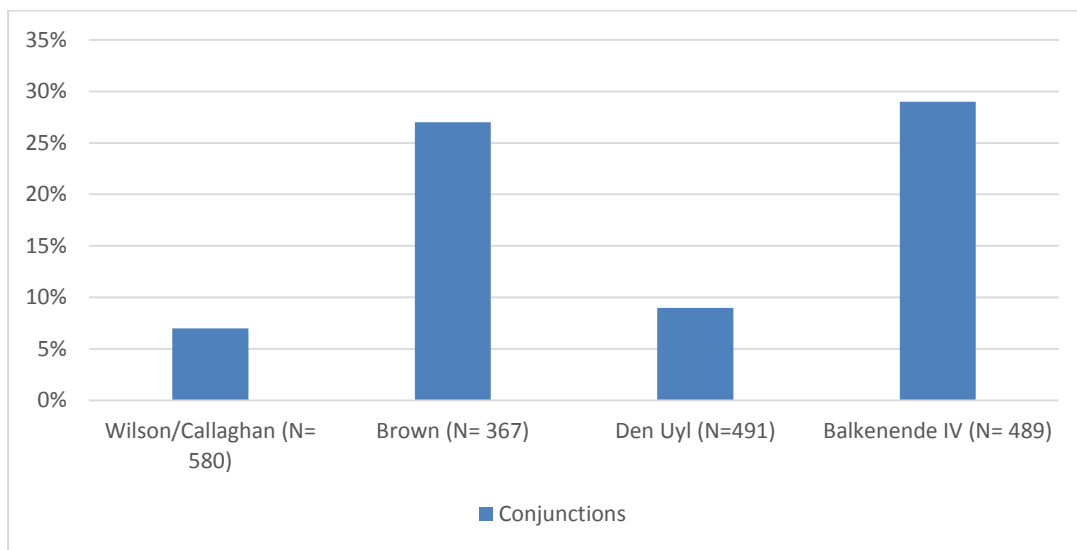
Section 6.2 constitutes the central part of the chapter and contains the main conclusion of this dissertation. After having reflected on how my findings speak to both sides of the debate, I argue that the evidence emerging from the justifications offers a synthesis between the implications of the realignment and Mair's theories. At the same time, I also recognize that the evidence on which I construct this synthesis may need some stronger foundations. Since it has been the first attempt to address the responsive-responsible-dilemma in this way, the present research also exhibits some shortcomings and imperfections. In the last part of the chapter (Section 6.3), I therefore reflect on the strengths and weaknesses of my research method, offering suggestions for further improvements and research.

6.1 Two different ways of combining input- and output-legitimacy

Figure 6.1 reports the percentages of the partisan and institutional discourse of each government that is interrelated. To calculate these percentages I gathered all those instances in which input-statements are grammatically connected to output-justifications to a maximum space of two full sentences.¹³ Subsequently, for each government I counted how many input- and output-justifications these passages involved and calculated the percentage of this number of the respective total N of justifications. In this way, I establish a comparable indication of how much the fusion between input- and output-justifications have been part of each government's justifications strategy.

¹³ For full sentence, I intend a piece of text extending from period (.) to period (.).

Figure 6.1: Fusion of Input- and Output-Justifications



The height of the column indicate the percentage of justifications that are part of a discourse in which input- and output-legitimacy are strongly interrelated. As can be seen, the variation between the 1970s and 2000s cases is significant, as the contemporary cases have featured substantially more fusion between partisan and institutional discourse than the Wilson/Callaghan and Den Uyl governments.

The past and contemporary cases, moreover, differ also strongly in *how* the input- and output-justifications are grammatically connected. In the 1970s cases, in fact, the pairing of the different types of justifications mostly highlight the distinction between the partisan and institutional criteria for decision-making. In the contemporary cases, instead, responsiveness and responsibility are regularly presented as mutually reinforcing, in a discourse that largely resembles Monti's rhetoric about the interconnectedness between fiscal rigour, economic growth and social equity. In what follows I will provide some qualitative evidence for this.

6.1.1 The 'compensatory' discourse of the 1970s

For both the Den Uyl and Wilson/Callaghan government, the percentages reported in figure 6.1 involve roughly 40 justification propositions each. In both cases, two thirds of these passages appeared in the presentations of the first two budgets, and become almost absent after the U-turn in the government's policy course. The pairings of input- and output-

propositions therefore mainly served to inform the overall audience about how the redistributive policies of the government would not harm the country's economic growth and were considered affordable in terms of public finances. As already argued in Chapters 3 and 4, the partisanship of the cabinet stood as legitimate on its own, and did not need to be integrated much with output-oriented justifications.

In the first two budget speeches, moreover, not only did the two governments give a lot of attention to their partisan goals, but at times they actually seemed to prioritize these over the country's economic goals. This happened even for the Den Uyl government which – when looking at the numerical distribution of justifications – would appear to have been the least input-oriented of my case selection. The following passage justifies the taxation plan for the cabinet in its first *Miljoenennota*:

<p><i>Bij de opstelling van het dekkingsplan heeft vooropgestaan dat het zou moeten passen in het beleid gericht op het totstandkomen van rechtvaardiger inkomens- en vermogens-verhoudingen. Binnen dit algemene kader was van belang dat het mede een <u>bijdrage zou moeten leveren aan de bestrijding van de inflatie</u>.</i></p>	<p>With the setting up of the coverage plan, the priority was to fit it within the policy aiming at a more equal distribution of incomes and wealth. Within this general frame, it was important that it [the taxation plan] would also <u>contribute to the fight against inflation</u>.</p>
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(Wim Duisenberg, *Miljoenennota*, September 1973)

In this passage, the main output-oriented goal of the cabinet – the fight against inflation – is subordinated to the PvdA's main input-oriented goal, namely a more equal redistribution of wealth and income. The highlighted text ('within this general frame') constitutes the grammatical connection between the two justification propositions. Even when integrating input- with output-oriented discourse, thus, the government maintained its partisan character, and did so even against the background of unfavorable economic conditions.

As already shown in Chapter 3, the first budget of the Wilson/Callaghan government featured these characteristics even more strongly, as the social contract was placed at the centre of the legitimating discourse. This characteristic, however, even persisted after the

country's economic problems become unbearable and the room for partisan talk substantially diminished. Also in the budget speech of 1975, in fact, the Chancellor continued to present the social contract as a goal in itself, which should not be overruled by the output-oriented objectives of reducing public deficits:

*Looking beyond 1976–77, there will at best only be very **restricted room for overall growth in public expenditure**. Nevertheless, we shall aim to ensure, by a careful reassessment of needs and priorities in the 1975 public expenditure review, which will take account of the latest assessment of the economic prospects, that the most essential needs are met as far as possible.*

(Denis Healey, *House of Commons*, 15 April 1975)

The passage was part of a broader justification for the U-turn in the policy course, whereby the previously planned increases in public expenditure had to be drastically contained. Compared to the above cited passage of Wim Duisenberg's *Miljoenennota*, the direction of the discourse has reversed, as now the output-oriented goals are setting the frame within which the government acts. Nonetheless, meeting the needs of the most vulnerable parts of society remained a commitment that needed no further justification, but that was legitimate because congruent with the governing party's policy stances.

Towards the end of the term in office, when it became clear that the government could not pursue its partisan policy goals, input-legitimacy played only a side-role in the discourse of both governments. In fact, due to the strong emphasis on the need to reduce public deficits, in the last budget presentations the input-oriented justifications seem almost out of place with the rest of the discourse, and were consequently rarely integrated with the output-oriented arguments. When integrated, in fact, the input-oriented arguments served mainly to justify those measures that compensated for some of the negative effects of the restrictive policies. In some passages of the last budget, for example, Denis Healey's justifications resemble to a considerable extent the logic of the social-oriented discourse of the Thatcher and Monti governments (as in the example brought up on page 72 in Subsection 3.1.2). Similarly, also in the Dutch case, the few juxtapositions appearing in the last two budgets featured the argument that policies like wage-restraint would serve to safeguard public services. In the last part of their term in office, thus, both governments become more responsible.

Overall, though, the partisan and institutional criteria for decision-making remained clearly distinct throughout the whole term in office. The shift from expansive to restrictive policies, moreover, betrayed a sort of embarrassment of both governments with the incompatibility of their electoral pledges and their governmental duties. This embarrassment was indicated not only by the content of the rare juxtapositions between input- and output-justifications, but also by the fact that these tended to disappear towards the end of the term in office. In the first budgets, moreover, the dynamic of the discourse of both Den Uyl and Wilson/Callaghan governments evoked the idea of a government relying excessively on responsiveness and consequently losing sight of the needs and goals of the *whole*. Both governments in fact encountered serious problems for the successful implementation of their policies. For these various reasons, thus, they could be placed on the left side of the dimension sketched in Figure 1.2 (Chapter 1). I will come back to these considerations in Section 6.2. In the next subsection, I will highlight how in the contemporary cases partisan responsiveness appears to be much more subdued to governmental responsibility.

6.1.2 The fluid discourse of the 2000s

While in the 1970s the pairings of input- and output-criteria appear mainly in those budget presentations in which input-legitimacy played a bigger role, in the 2000s they are consistently present disregarding of the balance between input- and output-justifications. For the Brown government, in fact, the passages represented in Figure 6.1 gathered around 100 justification propositions, and are evenly distributed across the three budget speeches. In the case of Balkenende IV, those passages contained roughly 140 justification propositions, of which 70 are from the first *Miljoenennota* and the others are equally distributed across the other two budgets.

The content of those passages, for both cases, remains the same throughout the term in office. The mantra recurring throughout the justifications of both the Balkenende and Brown governments was similar to the one recurring through Monti's presentation of the *Salva Italia* decree, namely that the government's action was founded on the three strongly interrelated principles of economic growth, fiscal rigour and social cohesion. The following passage from the first budget of the Balkenende IV government is illustrative of this kind of discourse:

*Een duurzaam innovatieve economie vraagt om een slimmere en **houdbaarder omgang met natuur en milieu**. In een krachtige economie wordt geen talent onbenut gelaten. Een maatschappij met sterke sociale **samenhang** weet meer werk te verzetten dan een maatschappij waarin mensen alleen op zichzelf gericht zijn. Dit zijn allemaal redenen waarom het kabinet niet alleen gezonde overheidsfinanciën ambieert, maar bovendien nadrukkelijk en gericht wil investeren in de kracht van de economie, in de kwaliteit van de samenleving en in een duurzame omgang met natuur en milieu.*

A sustainable innovative economy requires a smarter and more **sustainable handling with the environment**. In a strong economy no talent is left unused. **A society with a strong social cohesion** is capable of getting more work done than a society wherein people are only concerned with themselves. These are all reasons why the cabinet not only aspires to healthy public finances, but on top of that wants to strongly invest in the strength of the economy, the quality of society and a sustainable relation with nature and the environment.

(Wouter Bos, *Miljoenennota*, September 2007)

Economy, finance and social commitments were presented as strongly interconnected and the dynamic of the discourse was almost circular, in the sense that everything was related and functional to everything else.

The passage above justified investments in the economy. Cuts in public expenditure, nonetheless, were justified with very similar arguments. The content of the discourse, in fact, remains substantially the same both before and after the outbreak and deepening of the economic crisis. The following passage, for example, served as a justification to the restrictive measures introduced in the government's last budget, like for example an increase in the retirement age:

Herstel van overheidsfinanciën is essentieel om de betaalbaarheid en beschikbaarheid van collectieve voorzieningen ook voor toekomstige generaties te kunnen garanderen. Het kabinet zet dan ook in op herstel zodra Nederland weer voldoende

The recovery of public finances is essential in order to guarantee also to future generations the affordability and availability of public services. The cabinet will therefore work for recovery as soon as the Netherlands show enough economic

economische groei laat zien.

growth.

(Wouter Bos, *Miljoenennota*, September 2009)

The justifications for the restrictive measures featured the same kind of rhetoric used for some of the expansive measures of the first budget, namely the argument that economic growth, financial sustainability and social equity/harmony are strongly interrelated. Disregarding of the proportion between input- and output-justifications, thus, the general logic of the government's discourse remains unaltered.

In the Brown case, as already shown in Chapter 3, the pattern is very similar. The social, financial and economic consideration are regularly presented side-by-side, both before and after the deepening of the financial crisis. Also in the budget speech of 2009, for example – the most input-oriented one of the term in office – Alistair Darling already talks about how the increases in public expenditure will be met by future cuts, which in turn will not prevent the government from providing social help:

*Taken together, my Budget measures today represent a fiscal easing of half a per cent of GDP this year, followed by a tightening of 0.8 per cent of GDP each year until 2013–14. I believe this is a sensible pathway to sustainable public finances. It will mean, as I have said, that the budget deficit will be halved in the next four years. At this stage, when there is so much uncertainty, **to do so more quickly would prevent us from helping people now, choke off recovery, and stop us investing in the future.***

(Alistair Darling, *House of Commons*, 22 April 2009)

With this passage Alistair Darling talks to the audience as a whole, underlining both the government's commitment to 'sustainable public finances' as well as to 'helping people'. Differently than in the 1970s, these two goals are not presented as in contrast with one another, but rather as perfectly compatible.

In many ways, thus, the discourse of the contemporary cases almost seems to contradict the idea of a tension between responsive and responsible government. With a

constant fusion of input- and output-justifications, both governments evoke the idea that whenever they are attentive towards a *part*, they never lose sight of the *whole*. While on the one hand this might suggest that contemporary governments have found a better way of combining input- and output-legitimacy, on the other, the similarities with Monti's discourse may suggest that the institutional duties have overruled the partisan commitments. In the next section I will develop both interpretations.

6.2 From a distinct to a weaker responsiveness?

Similarly to the studies on political supply and policy-outputs, also my study of justification arguments stumbles on the question whether Labour today has a more restrained partisanship than in the past, or whether its partisanship is just as strong but is simply mutating. The extent to which my findings speak to these different lines of interpretation runs for a considerable extent parallel to two different ways of looking at the justifications. By looking at the justifications individually and aggregating them, the arguments of for example Beramendi *et al* (2015) find a strong confirmation. The evidence for Peter Mair's theories, instead, relies on a more general view of the direction of the different discourses. Taken together, these different comparative insights neither strongly confirm nor strongly disconfirm the Mair/Scharpf hypothesis, but seem to provide an interesting synthesis between the two sides of the debate. Consequently, they might offer interesting pathways for further research on the matter.

In the following two subsections I will show how my findings speak to the two sides of the debate, which – for the sake of simplicity – I mainly sketch as a discussion between Beramendi *et al* (2015) and Peter Mair (2013; 2014). I will start by arguing how my findings suggest that in the post-industrial world the Dutch and Labour parties still appear as representative governors. In the second subsection, instead, I will set this evidence against the background of the overall decline of the social-democratic vote and the recent rise of the populist challenge across Europe. The purpose of this counterfactual reasoning is to show that with a further development of my research methods it is possible to bring the two sides debate closer together and getting a clearer picture of the changing dynamics surrounding the functioning of party-government.

6.1 Evidence for re-alignment

The numerical aggregation of the justifications clearly indicates that contemporary Labour governments have not lost their partisan preference for the use public resources to solve social problems. The numerical balance between input- and output-justifications seems to strongly contradict the hypothesis that under the condition of international economic integration, governments can only act and justify their policies following economic and financial criteria (Scharpf 2000). The total share of input-justifications, in fact, is even slightly higher in the contemporary cases, strongly suggesting that partisanship – within the constraints defined by its institutional duties – is still an important driver for government's action and is no less relevant than it was during the industrial era. Today as in the past, in fact, governing parties try to give direction to the policy-course of the cabinet, and are often constrained in the extent to which they can do so.

In all the four cases analyzed, the input-justifications are strongly associated with social spending policies, strongly suggesting that in both time-periods the government's partisanship has a considerable effect on its expenditure policies. On top of that, the evidence also strongly suggests that external pressures on public policy are not only a characteristic of the contemporary globalized world, but are part of the functioning of representative government, particularly during an economic crisis. The justifications referring to international constraints, in fact, play only a marginal role in all four cases. The numerical balances between input- and output-justifications, thus, do not seem to suggest that today constraints are stronger than they were a few decades ago. On the contrary, in the 1970s the external pressures forced the two Labour governments into a clear U-turn of their policy course, whereas in the contemporary cases this change appears to be somewhat milder. In sum, the relevance of partisanship does not seem to have declined against the rise of external pressures, as Labour still tries to alternate its governmental responsibilities with policies aimed at protecting society from adverse economic conditions.

The differences over time in the content of the justifications, moreover, not only show that Labour has maintained its profile as a leftist governor, but also that it has adapted its policy-approach to its ideological transformation of the 1990s. In other words, my analysis brings further evidence to the narrative suggesting the shift from an industrial to a service-based economy has altered the composition of Labour's electorate, changing thereby its political supply and its preferred social policies (Kitschelt & Rehm 2015; Häusermann &

Kriesi 2015; Huber & Stephens 2015). The content of the input-justifications in fact indicates that Labour today addresses a more heterogeneous electoral base than in the 1970s. Rather than focusing exclusively on the material needs of the poorer social classes and the ideological commitment to redistribute wealth, in fact, contemporary Labour governments appear to be much more responsive to broader societal needs. By addressing the problems of society as a whole, Labour simultaneously speaks to the needs of different social groups, ranging from unemployed young people to the preferences socio-cultural professionals. From this perspective, thus, the evidence of contemporary Labour talking more about social harmony rather than specific social needs can be seen of a corroboration of the realignment theories about successful adaptation and responsiveness (Kitschelt & Rehm 2015).

In relation to this change in content of the input-justifications, moreover, also the more frequent pairing of input- and output-justifications can be seen as an indication of a successful transfer of the party's ideological change into the governmental sphere. The ideological transformation consisted largely in shifting the policy-efforts from trying to compensate for income losses to activating people in the labour market. The fusion of the different justification-criteria, in fact, not only evoke a closer connection between social and economic policy-goals, but seem also to be to this new preferences of post-industrial Labour parties. In many ways, thus, the percentages shown in Figure 6.1 can also be seen as the evidence of New Labour's new commitment towards 'the politics of what works' (Blair & Schröder 2000). Yet, this aspect of the justification strategy also relates to the 'chicken and egg' discussion about whether this ideological change was dictated by the changing electoral constituency, or by the rise of the neoliberal paradigm among policy-makers. When put against a broader picture, this evidence might very well indicate that Labour parties are on the one hand realigning and on the other obscuring their partisan profile (Lacewell 2013). In what follows, therefore, I will try to read my findings from the other side of the debate.

6.2 A restrained responsiveness?

At first sight, the characteristics of the contemporary discourse seem to suggest that today there is less tension between partisan responsiveness and governmental responsibility. While in the 1970s the pairing of input- and output-propositions actually served to underline the incompatibility between the party's ideological stances and the policies it had to pursue, in the 2000s these pairings inform the audience that – irrespective of the policy pursued – the

government is fulfilling to all of its social, economic and financial commitments. The general direction of the discourse, however – even if in line also with the principle of the ‘politics of what works’ – seems to indicate that the social commitments are pursued only to the extent that they are functional to the country’s economic and financial goals. From a more skeptical point of view, thus, it could be argued that in the 2000s the responsive–responsible dilemma has been resolved in favor of the latter. The high amount of input-justifications, consequently, should only be considered as an effort of Labour parties to artificially maintain their electoral legitimacy.

The higher proportion of justifications referring to social harmony rather than specific social needs, moreover, may also be interpreted as a blurring of the responsiveness of the Labour party. Rather than profiling itself as an advocate of the needs specific social groups, with these justifications it profiles itself as a caretaker of society in general. Similarly to Monti’s justifications, contemporary Labour governments have presented themselves as *super-partes*, namely as executives that do not wish to highlight any sort of social division, but rather want to maintain social unity. In other words, with these arguments Labour profiles itself as a party for the *whole*, which – following the definition of party developed in Chapter 1 – is almost a contradiction in terms. Consequently, the question might be raised about whether some of the justifications referring to *social harmony* are maybe a façade that serves to hide a more institutional policy-attitude. As shown in different examples, in fact, these justifications also play an important role in the fusion of input- and output-justifications.

As the examples of Thatcher and Monti suggest, when the responsiveness of social demand is presented as functional to more general goals, this might be very well be indicative of a responsible policy attitude, as a certain level of sensitivity to social issues can also be part of the governmental responsibilities. Consequently, the recurrent fusion between social- and economic/financial-oriented discourse may indicate that a considerable percentage of contemporary Labour’s input-justifications are actually indicative of an overall output-oriented policy-attitude. When putting these different pieces of evidence together, a picture seems to emerge wherein Labour is only responsive to the extent that the policies of social cohesion are functional to the country’s economic growth. Differently than in the past, thus, it seems that today responsiveness must be constantly tied to responsibility. This, in turn, might be indicative of a restricted room for political competition.

In line with cartelization theory (Katz & Mair 2009), the characteristics of the contemporary discourse also seem to be indicative of a professionalization of the political class. The circularity with which the different criteria of decision-making are interrelated seems to indicate that the contemporary policy-makers are somehow more capable of justifying their actions in front of a highly heterogeneous audience. On top of that, in both the Dutch and British cases the contemporary governments have tended to profile themselves as more aware of the challenges of the future. Consequently, these characteristics also signal a stronger entrenchment of contemporary Labour parties into the governmental sphere. This entrenchment, in turn, seems to be associated with the shift from the representation of specific social groups to the self-profiling as caretakers of society, and might therefore signal a detachment from civil society.

When looking closely at the dynamics of the discourse of the 1970s, moreover, it not only emerges that the input- and output-criteria were clearly distinct, but also that Labour was willing to be responsive to the extent that it would become 'irresponsible'. The social spending of both Den Uyl and Wilson/Callaghan governments was almost exclusively aimed meeting particular social needs and hardly took into consideration its economic and financial effects. When confronted with the tension between the demands of particular *parts* and the needs of the *whole*, in the first two years of the term in office Labour clearly took sides with the former at the cost of damaging the latter. For contemporary governments, instead, this seems to be unthinkable. The dynamics of the contemporary discourse, in fact, suggest that Labour today mainly perceives its responsibility as an institutional caretaker of society, and that it pays attention to the demands of the *parts* as long as this is functional to the *whole*. In this sense, thus, a shift on the responsive-responsible scale sketched in Chapter 1 seems to indeed have emerged. The question however is whether it is from a populist style of governing to a properly functioning party-government, or from the latter to a technocratic style of governing.

While these developments seem to be largely in line with Peter Mair's reasoning, however, at the same time they also leave a number of questions. The first question is whether the political class of the 1970s was really as incompetent as my analysis of the justifications seems to suggest, considering for example that Wim Duisenberg later moved on to become the president of the European Central Bank. A second question is that – if Labour has really become so much entrenched in the governmental sphere – why does it still use a

high amount of input-oriented justifications but fails to fully concentrate on its output-oriented goals. A third question regards the relationship between these developments and the challenges posed by globalization and post-industrialization. The answers to these questions, I will argue, lie in a synthesis between the two sides of the debate.

6.3 Towards a synthesis of the controversy

The similarities and differences between the justification strategies of the different cases suggest that both sides of the debate point to real existing mechanisms. My analysis confirms the claim that partisanship still characterizes government's policy-making (Beramendi *et al* 2015), but also finds clear patterns of change in the role played by partisan criteria in the governmental sphere (Mair 2013; 2014). The story emerging from this study therefore points towards a middle ground between these two different readings of contemporary western politics. The essence of this middle ground is that responsiveness is still a fundamental component of contemporary government's legitimacy, but governing parties have become more careful in integrating partisan criteria to governmental responsibilities. While on the one hand this may induce parties to become better governors, at the same time it might also have the negative side-effect of reducing the scope for political competition, as political supply must be constantly tied up to viable policy-solutions. Consequently, this development might alienate certain parts of the electorate from the political debate, fueling thereby the rise of populist challengers.

The need to increasingly integrate partisan policy with responsible policy solutions, however, is not necessarily only due to the pressures of globalization. The changes in the constituency of the Labour party, for example, also imply a different average level of education (Gingrich & Häusermann 2015). Consequently, also the average level of understanding – and acceptance – of governmental constraints is likely to have become bigger among Labour voters, who might actually expect from the party that it responsibly deals with its institutional duties. Consequently, Labour's new discourse can be intended as a different mode of representation, wherein Labour no longer directly expresses the needs of its constituencies, but profiles itself as a good governor that is ready to meet social needs. This change partially resembles what Saward (2008) calls a shift from popular to 'statal' claims.

Labour's new discourse and mode of representation are thus characterized by a more explicit recognition that governing parties also need to face institutional constraints and duties. When these developments are put against the figures of declining voter turnout and the recent success of anti-establishment parties across Europe, however, it seems that these duties and constraints are only understood and accepted by one part of the audience and the electorate. The other voters – presumably the less educated – find it hard to accept that their democratic power is somehow being reduced by economic constraints, especially in times in which the economy is hitting them hard. This part of the electorate is therefore likely to be constituted by what Kriesi *et al* (2012) identify as the 'losers' of globalization, namely those sections of society that find it hard to take advantages from the increasingly competitive economy. Consequently, they have difficulties in finding their political referents among mainstream political parties and tend to either abstain or vote for anti-establishment parties. The policy-proposals of these parties, in turn, are unlikely to be compatible with contemporary governmental duties (e.g. Heinisch 2003).

This would thus suggest that the governmental sphere has become detached from those sections of society are not taking advantage from the post-industrial economy. While parties are re-aligning to the new political preferences of the electorate, the mainstream political competition appeals only to a restricted – highly educated – section of the electorate. This part of the electorate, in turn, is likely to be constituted by what Kriesi *et al* (2012) identify as the 'winners' of globalization. The re-alignment processes described by Kitschelt & Rehm (2015), thus, might very well be working for this part of the electorate, but badly for the lower educated one, as Giger *et al* (2012) for example suggest. This duality is largely due, in my view, to the growing complexities of governing. As governments have become managers of political authority rather than monopolists thereof (Genschel & Zangl 2014), their duties have become more differentiated and therefore more complex. The partisan influence, consequently, needs to pass through smaller channels and therefore becomes more interrelated with institutional responsibilities. Parties that are not able or willing to deal with this complexity, in turn, will have strong difficulties in exercising governmental authority.

At the same time, however, responsiveness is still an important component of government's legitimacy – as my analysis shows. Even if often embedded in output-oriented discourse, the high number input-justifications of contemporary governments signal that there still is a common perception of the importance of responsiveness towards political

preferences. It is consequently possible that, in the long run, this common perception also has an impact on the extent to which the complexities of governing define the substance of policy. To further explore these developments, it would for example be interesting to analyze the experience of some of the populist parties that have managed to enter the governmental sphere, like for example Syriza in Greece. In this case, the question would be how the input-legitimacy of this party – consisting mainly in the pledge to put an end to the austerity measures – has been weighed throughout the term in office against the institutional difficulties in the negotiations with the European partners regarding the bailout program. A comparison could for example be drawn the case of the Wilson/Callaghan government and its negotiations with the IMF.

Overall, though, the question that this thesis has addressed does not seem to have a straightforward answer, mainly for the reason that it involves essentially all the stages of the democratic process. With my study I have tried to get an insight in the changing dynamics of this process by looking at it from the yet unexplored perspective of governments' justification arguments. Possibly, this constitutes a first important step in deepening our understanding of the changing power relations between governing institutions, political parties and voters. In the next section I sketch some possible pathways on how to move further from the lessons of this dissertation.

6.3 Further considerations

The main analytical challenge of this study was to try to make descriptive inferences about changing policy-attitudes without looking at actual policies, but through a comparative content analysis of discourse. One of the main risks, therefore, was that I would gather material that would be indicative of different rhetorical strategies, without allowing for descriptive inferences regarding governments' approach towards the responsive-responsible dilemma. This risk has been largely avoided by a careful selection of the discourse, as well as with a constant effort to maintain the link between the justifications and the policy-course of the cabinet. Thanks to the selection of the presentation of the yearly budgets, moreover, it has been possible to compare different dynamics between responsiveness and responsibility in similar institutional settings.

At the same time, however, the evidence gathered in this thesis is at times soft, and its implications can mainly be grasped only through deductive reasoning. As with most research, therefore, this study exhibits both strengths and weaknesses. As it is a relatively new approach to the study of the responsive–responsible dilemma, it is important to reflect on how a further development of this method could be useful for the study of the dilemmas that policy-makers face. In the following three sections, therefore, I will first spell out the strengths and shortcomings, and will gradually build up ideas for how my approach could significantly enhance our understanding of how governments deal with their decision-making dilemmas.

6.3.1 Patterns of justifications and possible explanations

While it is true that the analyses of presented so far do not provide a straightforward answer to the central question posed by this thesis, the patterns I identified do confirm the theoretical framework spelled out in Chapter 1. The balance between responsiveness towards the party-supporters and responsibility towards the whole has proven to be an important component in the justification strategies of the party-governments I have analysed. The justifications referring to the governing parties' ideological commitment play an important role in all five cases (the four Labour governments and Thatcher), but are always placed against the background of output-oriented considerations. This confirms the picture sketched in Figure 1.2 (Chapter 1), according to which the legitimacy of party-government rests on a balance between responsiveness and responsibility.

The overall balance I have found between input- and output-justifications can thus be explained by the foundational principles of representative democracy discussed in the first part of this thesis. The paradox however is that, while on the one hand this similarity across the cases confirms the theoretical foundations of this study, at the same time it also disconfirms the expectation that the balance between input- and output-legitimacy has shifted in favour of the latter during the last decades. This lack of variation between the cases could either mean that the Mair/Scharpf argument is plainly wrong or that the mechanisms by which globalization is expected to increase the importance of output-legitimacy have not yet fully reached the justification strategies of governments. In other words, it might well be that globalization is indeed constraining governments, but as these are aware of the importance of

responsiveness for their legitimacy, they are trying to find other ways to integrate input-considerations with their output-oriented policy-criteria.

For this second line of interpretation I may indeed have found some substantive evidence, as in the two time periods there are clearly two different ways of integrating responsive and responsible justifications. The stronger interconnection between the different justifications typical of contemporary governments could mean that, while policy needs to be increasingly based on output-criteria, governing parties try to maintain their legitimacy in the eyes of the public by finding a way to justify policy in terms of their ideological commitments. In other words, the input-justifications used by contemporary governments would only be a façade trick used by parties to maintain their legitimacy, in times in which their impact on policy is very limited. At the same time, however, the different combination of input- and output-justifications could also be related to the ideological transformation undergone by Labour parties in the 1990s. From this perspective thus, similarly to other studies focusing on similar questions, also this thesis somehow ends with the question of whether the New Labour ideology was dictated by the forces of globalization or was an effort to meet the new demands of voters.

Unfortunately, this thesis does not move much further than the stage at which the debate on the contemporary challenges to democracy is currently at. At the same time, I believe this is to be considered to be a pilot study of an approach that proves to be highly informative about how governing parties manage their responsive-responsible dilemma. In its current form, though, this study presents some imperfections that impede to think in more precise terms about the factors that may or may not cause variations in the patterns of justifications. A further elaboration of this comparative content analysis of justifications would therefore be an important contribution to the study of representative democracy.

6.3.2 An (as yet) imperfect method

One important shortcoming of my overtime comparison is that its results do not lead to hard conclusions. In other words, they are not precise enough to place governments on the responsive-responsible dimension constructed in Chapter 1, and thus to make the claim that for contemporary governments institutional commitments are more or less important than in

the past. This is partly due to the fact that the total N of justifications is not big enough for making strong inferences about variations under the five per cent. On top of that, the collection of qualitative data also lends itself to a certain margin of error. For these reasons, I have tended to be cautious throughout the dissertation in making inferences about small variations.

At the same time, however, considering what is known about certain political dynamics, the different balances between input- and output-justifications seem to follow some clear logics. For example – particularly for the Wilson/Callaghan government – the development of input-oriented arguments through the term in office tends to be in line with the idea of electoral cycles in policy-making. Another example is the difference in proportion in justifications referring to social issues between the Thatcher government and the Labour cases, which is indicative of the different partisan composition of these governments. The percentages reported throughout the thesis, moreover, also partially confirm my expectations regarding the differences in the justification strategies of single-party and coalition-governments. Both the numerical balance between input and output as well the percentage of paired-propositions suggest that Dutch governments rely more on output-legitimacy than their contemporary British counterparts. Table 6.1 reports these figures.

Table 6.1: Coalition vs Single-party Governments

	<i>Den Uyl Government</i>	<i>Wilson/Callaghan Government</i>	<i>Balkenende IV Government</i>	<i>Brown Government</i>
Output-justifications	69%	60%	62%	55%
Input-output pairs	9%	7%	29%	27%

Due to their need to cooperate with coalition partners and the need to constantly negotiate with social partners, Dutch governments are likely to rely more on the legitimacy deriving from their institutional function. On the contrary, under the British majoritarian system the

governing party has much more room to manoeuvre and consequently more possibilities to assert its electoral legitimacy. With regards to the pairings of input- and output-justifications, it makes sense that they are slightly more present in the Dutch case, as policies are more often the result of negotiations between different parties.

It must however also be considered that the relative differences between the two countries are relatively small. It might be the case that – as I predicted – the differences are alleviated by the tendency towards expressive voting in proportional electoral systems and the tendency towards instrumental voting in majoritarian democracies. However, I also believe that in my efforts to look at the cases in a comparative way I may have inadvertently overlooked characteristics of the discourse that would render these differences sharper. In particular, I think that I could have given some more attention to the style of the language used, which for example in the Dutch case seems to be a bit more technical. On top of that, I also believe that my aggregation into the nine reference categories may have had the side effect of obscuring some deeper differences between the cases.

The strength of the aggregation is that it allows to look comparatively at these different cases, and that it also largely travels to governments of other countries (e.g. Karremans & Damhuis 2016). The weakness is that it doesn't fully capture some deeper characteristics, like for example the different social groups that the different governments address. This weakness, in turn, may also be the main reason why I find there to be few differences between the output-oriented discourse of contemporary and past governments. For example, it might be the case that when the 'economic performance' category is broken up in more detailed sub-categories, it would become possible to make more detailed descriptive inferences about how different governments have a different perception of their economic duties. Yet, the more the discourse is classified in detail, the more it is difficult to maintain constant categories and – by consequence – the more difficult it becomes to make comparisons. Like most social research, thus, also this type of analysis brings a trade-off between complexity and simplicity.

The main success of this research, however, is that it has at least partially succeeded in the difficult exercise of breaking apart partisan preferences and institutional duties. Even if the exact borderline between the two might be disputed, this research has shown that it is possible to create a coherent way of distinguishing the two, and thereby to compare governments on the extent to which they are influenced by these. On top of that, by

maintaining a close relation between discourse and policies, justification arguments seem also to be relatively good indicators of the actual criteria used by policy-makers. Therefore, I believe, this might be an important step for further exploration of the responsive-responsible dilemma.

6.3.3 Pathways for future research

The study of the Thatcher case has shown that my method of classifying justification arguments is also applicable to governments of different partisan composition. Interesting comparisons could thus also be made between contemporary and past right-wing governments. In turn, this would allow to for example test the hypothesis of whether the interrelation between input- and output-justifications is something typical of contemporary executives, and not merely a characteristic of Labour governments. In this way, it would be possible to get a clearer picture of the extent to which institutional duties are really restraining the scope for political competition. A potential by-product of applying this method to more and more cases, moreover, would be the formation of a set of data that contains the justifications – and thus indicators for actual criteria – for different policies. This dataset, in turn, would allow to test a growing number of hypotheses.

By simply gathering the justifications with the method described in Chapter 2 in Section 2.3.2, in fact, it is possible to create a long list of different criteria for policy-making. By tying up these criteria to the actual policies, thus, it would be possible to create a dataset of the different criteria used for the expenditure and taxation policies of different governments (e.g. Damhuis & Karremans 2017; Karremans & Damhuis 2016). The justifications, moreover, could also be aggregated in different broader groups, depending on the theory that is being tested. Such a dataset could therefore be of great use to scholars wishing to test hypotheses on for example the changing ideas behind budgetary policies. In other words, it would open new frontiers of research.

In sum, I believe that the study of justification arguments – and in particular of those contained in budget presentations – might open many new doors for comparative studies of government behavior. These arguments do not seem to be simple ‘cheap talk’, but seem rather to constitute a significant indicator of the relation between parties, governments and policies. Understanding this relation has traditionally been one of the aims of political science.

Paradoxically, thus, the ‘new’ method presented in this thesis is at the same also very ‘old’, in the sense that it tries to do so something that political scientists have always tried to do.

Conclusion: States and voters

This research has departed from the premise that our current system of representative democracy was born out of particular circumstances wherein political parties came to play the role of both representatives and governors. Due to its origins, therefore, this system is also likely to be subject to change. In this dissertation I have explored how the foundational principle of the combination of representation and government has been affected by the recent changes brought by the globalized economy and post-industrial society. I have selected two governments from the industrial period and two contemporary ones with a similar partisan composition and in similar economic circumstances. I have explored how much in their justification arguments they still rely on the legitimacy deriving from their representative role and how much on the legitimacy from their performance as governors.

What I have found is that the foundational principles of representative governments are still strongly intact, as the justifications denote that party-governments still rely on both their input- and output-legitimacy. At the same time, however, I have also found strong indications that there are forces at play that might alter the balance between these foundational principles. These forces might either be related to globalization and de-industrialization, or simply to a century-long experience of partisan governments. The contemporary justifications, in fact, show that today partisan and governmental criteria are much more integrated than in the past. This might either signal a better functioning partisan democracy, or a gradual subordination of political representation to economic and financial imperatives. Personally, I am tempted to choose the second interpretation, considering also other parallel developments such as the declining satisfaction with democracy and voter turnout. The question however is still widely open and this dissertation is intended to be only a small contribution to this discussion.

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